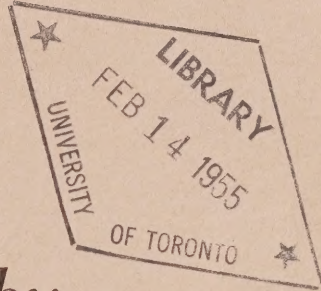


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Report by

THE TARIFF BOARD

in reference
Relative to the Investigation Ordered
by the Minister of Finance
in the Matter of the State of the

CANADIAN WOOL-CLOTH INDUSTRY

(WOOLLENS AND WORSTEDS)

Reference No. 116

Ottawa, 1955



Report by
THE TARIFF BOARD

*Relative to the Investigation Ordered
by the Minister of Finance
in the Matter of the State of the*

CANADIAN WOOL-CLOTH INDUSTRY
(WOOLLENS AND WORSTEDS)

•

Reference No. 116

Ottawa,
February 2, 1955

The Honourable,
The Minister of Finance,
Ottawa


Dear Mr. Minister: *Reference No. 116*

In accordance with your direction to the Tariff Board to conduct an investigation into the state of the Wool-cloth Industry in Canada and the importation, under the British Preferential Tariff, of fabrics containing wool,—

I have the honour to transmit herewith, for tabling in Parliament under the provisions of Section 6 of the Tariff Board Act, the Report of this Board in connection with the aforesaid Reference, in English and in French. A copy of the transcript of the evidence presented at the public hearings accompanies this Report.

Yours faithfully,

H. B. McKINNON,
Chairman



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THE TARIFF BOARD

Reference No. 116

An Inquiry into the State of the Canadian Wool-Cloth Industry

The letter from the Minister of Finance, dated May 12, 1954, directing the Tariff Board to conduct the inquiry which is the subject of this Report was as follows:

You are familiar with tariff item 554b, which provides, with respect to "woven fabrics composed wholly or in part of yarns of wool or hair, n.o.p.", certain specific duties, certain ad valorem duties, and also certain specific maxima. You are aware that this item is bound under the General Agreement on Tariffs and Trade. You are also aware that there is to be a re-examination of the GATT tariff schedules, expected to commence in six or eight months' time.

I have received numerous representations from the woollen industry in Canada to the effect that, as a result of price changes, the 50¢ maximum duty prescribed under the British Preferential rate of tariff item 554b has become anomalous and unrealistic, and that, as a consequence, the industry has suffered, and is suffering, serious injury; indeed, it has been claimed that the continued existence of the industry is in jeopardy.

Undoubtedly the Canadian Government will wish to give special consideration to this tariff item, and particularly to the specific maximum thereunder, in the coming GATT re-negotiations, and therefore will wish to have readily available all relevant information concerning the Canadian woollen industry and concerning as well the implications for the Canadian economy of imports of wool fabrics from the United Kingdom.

I therefore direct the Tariff Board to make a study, under Section 4(2) of The Tariff Board Act, respecting the matters referred to in the preceding paragraph, limiting such inquiry to the operation of the British Preferential Tariff in respect to tariff item 554b, and to report to me.

If the report now requested is to serve its desired purpose it should be available by the close of this year.

Yours very truly,

D. C. ABBOTT.

The tariff item to which the Minister refers in his letter (554b) appears in Schedule A to the Customs Tariff as hereunder:

	British Preferential Tariff
Woven fabrics composed wholly or in part of yarns of wool or hair, n.o.p.....(GATT rate)	20 p.c.
and, per pound	12 cents

However, the sum of the specific and ad valorem duties imposed by this item on imports under the British Preferential Tariff shall not be in excess of 50 cents per pound.

For history in detail of the tariff treatment accorded over the years to fabrics containing wool see Appendix A.

The Canadian Wool-Cloth Industry, requested "as a minimum adjustment, the removal of the maximum rate, thus permitting the compound rates of the tariff item to operate."

Public hearings were held in Ottawa during the period September 28 to October 13, inclusive, with further such hearings on November 12 and November 20. A list of those who gave evidence or made representations at the hearings will be found in Appendix B hereto; and a transcript of all evidence then presented is attached to the copy of this Report for the Table of Parliament. Apart from the evidence put on record at the public sittings, the Board elicited for its own use considerable material of a confidential nature which, in accordance with the provisions of the Tariff Board Act, will be so treated.

Incidental to the inquiry, members of the Tariff Board and their economist visited several wool-cloth mills in Canada, including the following:

Artex Woollens Ltd.....	Hespeler, Ontario
Chateau Dyers.....	Huntingdon, Quebec
Domnion Woollens & Worsteds Ltd.....	Hespeler, Ontario
Downs, Coulter & Co. (Canada) Ltd.....	Trenton, Ontario
Fawcett & Grant Ltd.....	Huntingdon, Quebec
Huntingdon Woollens Ltd.....	Huntingdon, Quebec
Leach Textiles Ltd.....	Huntingdon, Quebec
Paton Manufacturing Co. Ltd.....	Sherbrooke, Quebec
The Slingsby Manufacturing Co. Ltd.....	Brantford, Ontario
Spinners Ltd.....	Huntingdon, Quebec

Where the following terms appear in this Report, they carry the meaning hereunder shown:

- Worsteds: cloths made from wool which has been combed—i.e., the fibres have been made parallel to form a "top";
- Woollens: cloths made from wool which has not been combed;
- Blends: cloth made from wool and fibres other than wool;
- Wool-cloth: includes both woollens and worsteds as well as blends of cloth containing wool.

PART I

THE CANADIAN MARKET FOR CLOTH CONTAINING WOOL IN THE POST-WAR YEARS

A—General Survey:

1. Changes in Supply

In the limited time at its disposal, the Tariff Board has concentrated its inquiry upon the period 1946–1954. The former year marked the close of what may, for this Report, be regarded as the war-time intensification of production; the latter was the year in which was held the public inquiry, ordered by the Minister. But, for purposes of analysis, we have divided the period 1946–1954 into two parts: 1946–1949 and 1949–1954.

Before commenting separately upon these two periods, we should direct attention to what was, perhaps, the outstanding revelation of the entire inquiry: the rather drastic and continuing decline since 1948 in the total consumption in Canada of wool fabrics. The apparent reasons for this, and its effects upon the Wool Cloth Industry, we shall later discuss; for these introductory paragraphs, it is sufficient to let the following table speak for itself:

Table I—Apparent Canadian Market for Fabrics Containing Wool

Million linear yards

	Canadian Retained Production for Civilian Market	Exports from the United Kingdom to Canada	Imports from Countries other than the United Kingdom	Total Civilian Market	Per cent Supplied by Canadian Mills	Per cent Supplied by United Kingdom	Per cent Supplied by Other Countries
<i>Average</i>							
1935–39.....	16.3	11.4	0.2	27.8	58.6	40.6	0.8
1946.....	29.4	10.7	0.6	40.6	72.4	26.3	1.3
1947.....	30.6	10.3	3.0	43.8	69.8	23.4	6.8
1948.....	30.0	16.1	1.5	47.5	63.2	33.8	3.0
1949.....	29.3	13.5	1.6	44.0	66.5	30.6	3.0
1950.....	27.9	12.2	1.1	41.0	68.1	29.8	2.7
1951.....	24.1	11.0	1.6	36.5	65.8	30.2	4.6
1952.....	18.8	11.7	0.9	31.2	60.3	37.5	2.8
1953 (est.).....	21.6	15.1	1.1	37.7	57.3	40.1	2.7
1954 (est.).....							
(9 mos.).....	12.7	8.7	0.7	22.0	57.7	39.5	3.2

NOTES:—

- (1) This table based on Table I—Appendix E, showing Apparent Canadian Market for Cloth Containing Wool, 1935–June 1954, taken from the brief of the Canadian Wool Industry, submitted to the Tariff Board, August 1954.
- (2) No allowance is made for re-exports in Columns 2 and 3.

a) Year 1946 to mid-1949:

Consumers reading this Report will recall only too clearly the conditions which had prevailed during the war years: the restrictions upon consumption, the subsidizing of production of both worsted yarns and fabrics, Government control of the purchase and allocation of raw wool and tops, the lack of variety in fabrics—all this in an era of full employment, unprecedented production, high wages, and necessarily unsatisfied demand. With the end of hostilities and the termination of Government control, came the first opportunity to fill the void that had grown with the years of war. Public demand for wool fabrics, as for all consumer needs, was almost insatiable; money to purchase in volume and variety was available; family wardrobes had to be replenished to an unusual

degree; consumers' preferences as to quality, style, and colour again asserted themselves—and production by the mills kept pace with the changed conditions. Manufacturers were able to sell all the fabrics they could produce; their financial position was strong, permitting high capital expenditures for buildings and equipment without depleting substantial reserves that had been accumulated. Nearly one million more Canadians than pre-war were in the market for consumer goods. Domestic production reached a new peak (30.6 million yards) in 1947 and domestic consumption a new high (47.5 million yards) in 1948. This immediate post-war period was abnormal.

But, in the latter part of 1948 appeared the first signs of clouds on the horizon. Domestic production showed a slight decline. The prices of raw wool and tops on the world market were rising. Manufacturing costs began once again to be a factor of consequence: wages in the Canadian industry were about 48 per cent above the 1945 level. After declines during wartime, imports of British fabrics rose markedly in 1948, to the extent that these supplied almost the entire increase in demand, over 1947, of some four million yards (and this despite the fact that the temporary reduction in duty under the War Exchange Conservation Act had been rescinded). Wardrobes had been replenished, and symptoms of consumer resistance to rising prices of wool goods, particularly clothing, made a first appearance. Production of worsted fabrics continued firm but the clothing industry produced fewer overcoats and boys' suits and coats, reflecting a weakening in the demand for woollens (as distinct from worsteds).

b) *Mid-1949 to 1954:*

The decrease in demand for woollens evident in 1948 continued in 1949, when the market absorbed about 3.5 million yards less of wool cloth than in 1948, some increase in worsteds and blends being more than offset by the continued decline in woollens. Reference to Table I will show that the fall in total demand was very largely at the expense of British imports. Despite devaluation of sterling from \$4.03 to \$3.08 in September of 1949, the Canadian clothing industry, because of uncertainty in its own market, hesitated to make large forward commitments. By the same token, the depreciation of sterling (even the announcement of it) worried the domestic cloth industry as to the brightness of its future. The outbreak of war in Korea in 1950 led to a further upsurge in the price of its raw material. Fear of a repetition of well-remembered shortages in the then fairly recent past encouraged the mills to scramble immediately for supplies for military contracts and to build up inventories, and the fall of 1950 saw the prices of wool and tops pushing onward at an astonishing rate. (See Appendix E—Tables XV and XVI).

It may be well to pause and consider at some length this year of 1950—the year of war in Korea and of astronomical advances in the price of wool. Were those who filled their warehouses in the face of rising prices imprudent? Should they—or could they—have foreseen the result? To generalize here upon the policy very widely adopted by the industry at that time is difficult—and might well be unfair. The program for the services was under way, the public shared apprehension regarding possible scarcities, orders for cloth for both soldiers and civilians began to mount—and the mills for the most part decided to cover their contemplated and projected need for raw material. Perhaps it is not unfair to say that, in the conditions then prevailing, it would have required remarkable restraint on the part of manufacturers to “stay out of the market” on their prime raw material. Even though the buying of clothing still reflected somewhat consumers' resistance to rising prices of wool products, the clothing industry, fearful of its inventory position in the event of prolonged hostilities, began buying on a substantial scale, and employment in the mills increased thereby. Some manufacturers of wool fabrics detected what they regarded as a warning note in the consumer reaction to the still-increasing cost of wool and began to increase their production of *blends* of wool and rayon, as well as to

experiment with blends of wool and other and newer synthetic fibres. This not only enabled them to produce mixture-cloths more cheaply than all-wool but also extended their supplies of the costly fibre, wool.

In early March, 1951, wool prices reached a record peak, some three times higher than in June of 1950—and in that same month of March, they crashed. By September they had fallen by 64 per cent, and the decline continued until March of 1952. This fall in the price of their raw material was clearly disastrous for some Canadian manufacturers of wool cloth, gravely weakening their financial position and putting not a few of them in a situation from which they are still trying to recover. It meant for many not merely inventory loss on their raw material, but additional inventory loss on their stocks of fabrics, finished or in process, as the cutting-up industry either deferred accepting or (as in some instances) refused to accept delivery of goods on order. (See Appendix E—Table XII)

The acute situation in the wool-cloth mills was reflected throughout 1951 (and into 1952) in the clothing industry, as consumers, resentful of the generally-high level of wool clothing, deferred normal purchasing or switched to clothes made wholly or in part from blends, or even from pure synthetics. By this time, too, supplies of consumer durable goods were again freely available, and consumers were spending an increasing proportion of their income on goods other than clothing and personal furnishings. As this low level of demand for clothing persisted, clothiers had difficulty in reducing their inventories of fabric—and the net result of all these factors was that in 1951 production of cloth for civilian use declined by nearly four million yards. British fabrics shared this decline in demand, dropping by about one million yards. Confronted with the situation, the wool-cloth mills increased their production of blends, attempting to meet the growing competition of the domestic synthetic industry, which was rapidly gaining experience in making cloths in which wool was blended with the man-made fibres. (See Appendix E—Table IV).

The following year, 1952, added further sombre tones to the picture: demand for wool cloth reached a new low of 31·2 million yards (ten million yards less than in 1950), a lower level of per capita demand than pre-war. As production of wool cloth fell by 5·3 million yards (partly compensated for by military orders), plants were forced to shorter time, employment declined considerably—while imports from the United Kingdom increased slightly. The British mills sent representatives to Canada in mid-1952 with new ranges of cloths at the lowest prices quoted since 1949 and Canadian clothiers gave them substantial orders for deliveries in 1953. When civilian demand improved somewhat in that year, for the first time since 1948, the British exporters secured 3·4 million yards and the Canadian mills about 2·8 million out of a total increase of 6·5 million yards. Nevertheless, employment declined (i.e.—fewer workers were making somewhat more cloth) and manufacturers, cutting prices to meet laid-down costs of imported fabrics, incurred greater losses than in 1952.

As for 1954, accurate final statistics are not as yet available. It is possible, however, on the basis of estimates, to compare consumption during the first nine months with that during the corresponding period in 1953: the results would appear to be a fall in demand of some 7 million yards—shared almost equally by domestic and British fabrics. It would seem, therefore, that the wool-cloth industry's largest customer, the clothing industry, did not in the fall of 1954 stay as "close to the market" as several clothing manufacturers predicted, at the public hearings, would be the case.

As will be seen from later sections of this Report, the financial status of the cloth companies at the close of 1954 was still such as to reflect the general malaise of the industry.

2. Changes in Type of Demand:

As suggested earlier, the post-war cloth industry in Canada found that it had to adjust itself to a materially different kind of demand: for lighter cloths

and more colorful cloths. A few words at this point regarding these symptoms of a changing market (which, incidentally, weavers of cloth could not afford to disregard):

The trend towards lighter wool fabrics had begun in the late thirties, but the early forties saw it much more pronounced. Though it applied to both woollens and worsted, it was destined to affect more vitally the latter, in that, as consumers in the post-war years turned more to worsteds for suits and dresses and, in worsteds, showed preference for lighter weight fabrics, the overall demand for worsteds was given a filip that was to exert itself for several years. In men's suits, the favored weight of 15-16 ounces per linear yard has given way to a preference for 13-14 ounce material. The reduction in weight is attributable to several factors: a higher standard of living, increasing urbanization, and growth of the "automobile habit". (In 1951, 62 per cent of Canadians were urban dwellers; in 1941, 56.5 per cent. As of 1954, there was one automobile for every five Canadians, as compared with one for every ten in 1941.)

War-time austerity gave consumers a fancy for more variety in color and pattern. Both men and women were seeking so-called "decorated cloths"; they began (both of them) to dress much more casually and the use of "separates" (sport jackets, skirts, etc.) increased the consumption of fabrics of this type.

Table II—Apparent Canadian Market for Cloth Containing Wool

(Civilian)

Million linear yards

	All Wool Worsted	All Wool Woollen	Blended Cloths Wool and Other Fibres	Total Civilian Market	Military Fabrics	Total Market
	(1)	(2)	(3)	(4)	(5)	(6)
Average						
1935-39.....	5.9	15.7	6.1	27.7	0.1	27.9
1946.....	8.9	24.5	6.0	40.6	0.1	40.7
1947.....	10.6	26.6	5.6	43.8	—	43.8
1948.....	11.9	28.4	6.5	47.5	—	47.5
1949.....	12.8	23.9	7.1	44.0	—	44.0
1950.....	12.3	19.9	8.8	41.0	—	41.0
1951.....	11.2	16.2	9.4	36.5	2.1	38.7
1952.....	7.9	14.7	8.9	31.2	3.9	35.2
1953.....	12.1	18.1	8.1	37.7	0.4	38.2
1954 (9 mos.).....	—	—	—	22.0	—	22.0

Note slight discrepancies between totals of Columns 1, 2, 3 and Total Civilian Market. These are accounted for by exports of Canadian wool cloth and re-exports of imported cloth which are subtracted from Total Civilian Market figure.

Sources:

- Col. 1—see Appendix E—Table II, Column 4.
- Col. 2—see Appendix E—Table III, Column 6.
- Col. 3—see Appendix E—Table IV, Column 6.
- Cols. 4, 5 and 6—see Appendix E—Table I.

This table shows the marked increase in the demand for worsteds in the immediate post-war years, as compared with 1935-9, and the relative steadiness of this demand (except 1952) in recent years. The demand for woollen fabrics decreased steadily from 1948 to 1952, but increased in 1953. The demand for blends shows a gradual increase until 1951, with a slight weakening in the last two years.

These changes in demand, for lighter cloths and for decorated fabrics, were to have important effects on the Canadian wool-cloth industry, perhaps more fundamentally than even the industry itself realised. Some mills which have developed with the lumber trade, providing originally the heavy types of cloth needed by lumber workers, had continued over the years to concentrate on the production of heavy woollen cloths. If the market for these heavier cloths was,

in fact, disappearing, these mills would be forced either to change their production lines or close their doors.

On the other hand, manufacturers whose production could be adjusted to meet the widening demand for lighter, finer cloths faced a different problem. Generally speaking, the finer the wool cloth, the higher its labour content. In 1935, the Tariff Board, after investigating the relative costs of Canadian and United Kingdom manufacturers, had estimated that Canadian costs were higher than United Kingdom costs chiefly on account of higher labour costs in Canada. The fact that Canadian manufacturers must now supply cloths with a higher labour content must accentuate their problems in meeting the competition from countries where labour is cheaper. So long as consumers were willing to buy all the cloth that Canadian producers could make, as in the early post-war years, this problem did not assume serious proportions. But manufacturers must have been aware that when the market became tighter this factor would have to be met, either by reducing other costs sufficiently to offset this increase, or by reducing labour costs.

This has become the Canadian manufacturer's major problem. Because the cost of the other and important item in his cost schedule, raw material, is fixed in world markets, the field in which he may reduce costs other than labour is limited. Manufacturers realize, therefore, that they must endeavour to reduce labour costs as much as possible. In this high wage economy it is unlikely that this could be done by reduction in wage rates. Certainly textile manufacturers could not have done this in the immediate post-war years, when all wages were already rising. They, therefore, must turn to other methods to reduce labour costs, such as the introduction of labour saving machinery, higher work loads, more efficient lay-out of plant, etc.

For the manufacturer of worsted suitings, the demand for finer suitings with decorations raised another problem. Traditionally, heavy suitings of plain colors were woven from white yarns, the fabric being then dyed in the piece. White yarns of any desired count could be bought when needed, from either domestic or imported sources, and most worsted manufacturers had no need to have their own spinning plant. In 1935, only the two largest worsted manufacturers in Canada had their own spinning equipment. At that time, the Tariff Board estimated that it cost approximately 90 per cent more to spin yarn in Canada than in the United Kingdom. As supplies of white yarn were readily available from that country, there was practically no inducement for manufacturers to set up spinning plants.

Fine worsted suitings of good quality, however, must be woven from yarns spun from wool that has been dyed in the top. Even if it is made of yarns dyed after they have been spun, the cloth is of poorer quality. The additional factor of decoration limited still further the number of cloths, both fine and coarse, that could be piece-dyed. Manufacturers were now faced with the problem of buying a much higher proportion of colored rather than white yarns, and, as suitings now had to be made in a great variety of patterns and colors, the problem of always having enough yarns of the right color and count readily available to meet original orders and re-orders was a serious one.

Canada's deficiency in worsted yarns had proved one of the most difficult supply problems of the wool textile industry during the war. Post-war, with the increasing civilian demand for worsted cloths, for which yarns of greater variety of color and count were needed, this deficiency became acute. In 1947, on account of the coal strike in the United Kingdom, there was in that country a shortage of tops for yarns, and this, combined with the shortage of labour in the textile industry, limited the supply of yarns available to meet both United Kingdom domestic and export demands. Delivery of colored yarns from overseas spinners extended from eight to fifteen months. The difficulties caused by the shortage of yarns, plus the uncertainties of delivery, were so great that Canadian manufacturers who did not have spinning plants set about putting in their own spindles. In some cases additional dyeing equipment was also installed.

As from about 1950, there was a further change in demand. As the higher prices of wool were reflected in higher prices of clothing, consumers began to buy fewer all-wool clothes. No doubt some persons, especially in the older age groups, made their all-wool clothing last longer. But others looked for clothing of materials which were not so expensive. By that year the synthetic industry was producing large quantities of rayon yarns and rayon staple fibre, and new cloths—made by both this industry and the wool cloth industry—appeared on the market. Some of these were made wholly of synthetic fibres, others were blends with wool. These cloths found a ready market; consumers were willing to accept them as they often resembled fine wool cloths, and the fact that they were cheaper in price made them all the more acceptable. But, even with the development of these new blended cloths, by both the wool and synthetic industries, the overall demand for all cloth containing wool continued to fall. An improvement in demand in 1953 suggested to some that perhaps consumers may be turning back to wool, but the market remains uncertain. Perhaps the consumer himself is undecided as to the relative qualities and values of the old and the new fabrics.

B—Effect on Industry of Post-War Market Developments:

As was to be expected, these changes in both supply and demand in the Canadian wool-cloth market have had disturbing effects on mills. These probably can be best examined by an analysis of changes in production, employment, and the financial position of the mills.

(i) *Production of Worsteds, Woollens and Blends:*

As shown in Table I, the output of Canadian mills for the civilian market fell from its peak of about 30 million yards in 1947-48 to barely 19 million yards in 1952, a drop of 37 per cent. The following year brought an increase of 3 million yards, but output in 1954 will probably prove to have been at about the same level as in 1952. These changes in output, however, have not affected all mills to the same extent. As we have seen above, (see especially Table II) the demand for worsted cloths appears to have been relatively steady in post-war years; the demand for woollens gradually decreased until 1952, with some improvement in 1953; the demand for blended cloths reached a peak in 1951, the year of high wool prices, and since then has declined slightly.

The following table gives the production by Canadian mills of these three types of cloth:

Table III—Production by Canadian Mills for Civilian Market of Cloth Containing Wool

Million linear yards

	Worsted	Woollen	Blended Cloths	Total
1935-9.....	3.3	11.0	1.9	16.2
1946.....	5.4	18.6	4.3	29.3
1947.....	5.6	20.1	4.0	29.7
1948.....	5.6	19.3	4.5	29.4
1949.....	5.8	17.6	5.6	29.0
1950.....	6.3	14.3	7.1	27.7
1951.....	4.5	11.9	7.8	24.2
1952.....	3.0	9.5	6.4	18.9
1953.....	5.1	11.6	5.4	22.1

Footnote: This table is based on Tables II, III and IV in Appendix E. Slight discrepancies between the figures for total production above and those in column 5 in Table I of Appendix E are due to two factors: (a) no allowance is made in the above table for exports and (b) production of cloths of a mixture of worsted and woollen yarns are not included in the above table. These cloths are chiefly serges made almost entirely for the Services.

Production of Worsted Cloths:

The output of worsted cloth by Canadian mills increased slightly during the war, and in 1945 was about half a million yards more than in 1939. Immediately following the end of the war, in response to the marked increase in demand for worsted cloth for men's and to some extent for women's wear, mills increased their production to about $5\frac{1}{2}$ million yards. For the five years 1946-50, output exceeded the pre-war level by nearly 75 per cent, and in 1950 reached an all time peak of 6.3 million yards. Thereafter, it fell by nearly 2 million yards in 1951 and a further 1.5 million yards in 1952; it was not till 1953 that the output of worsted cloth for civilian use again increased, to slightly over 5 million yards.

It seems doubtful that the demand by consumers for clothes made of worsteds was as steady in the years 1946-50 as the figures of total consumption in Table II and those of Canadian production in Table III would suggest. Most of the worsted cloth consumed in Canada is used for men's suits, though some worsteds are used for women's wear, both dresses and suits. Statistics of the factory production of all-wool men's suits give, therefore, a good indication of the trend in demand for worsted cloth. This production reached a peak in 1948, and thereafter declined steadily until 1953. In spite of this decline, the *apparent* consumption of worsted cloth in Canada increased in 1949 and remained at a high level until 1951. In other words, clothiers increased their purchases of worsted cloth although the demand for suits was falling as prices rose. Even when prices of wool rose steeply in 1950, they had ordered increased supplies of cloth from Canadian mills as well as maintaining their purchases of imported cloths, hence the peak production of worsteds in 1950. The anxiety of clothiers to avoid any future shortage of supplies for their civilian market should the Korean war extend, postponed the effect of the fall in consumer demand on worsted mills until 1951. No statistics of the volume of inventory held by clothiers by the end of 1950 and early 1951 are available, but there is little doubt that, when prices fell suddenly in March, 1951, clothiers found themselves with heavy inventories of worsted cloth. As their market for suits was still falling they immediately reduced their orders to Canadian mills, and probably to importers also; imports of worsteds from the United Kingdom continued at a high level in 1951 as clothiers had to accept delivery of cloths which they had ordered six to nine months earlier. In the late months of 1951, however, imports, too, fell heavily. As the demand for suits continued to fall in 1952, clothiers had difficulty in using up their inventories. Orders to Canadian mills continued at a low level throughout the year and the output of worsted cloth fell to its lowest point since the war.

In 1953, men who had deferred buying suits while prices were rising, began to buy, and production of all-wool suits rose sharply. As a result, the demand for worsted cloth increased, and Canadian production for the civilian market rose to 5 million yards, more than enough to offset the fall in military orders. Although the demand for suits continued at a high level in the early months of 1954, the demand for worsted cloth appeared to be weaker than in 1953, which would suggest, perhaps, that clothiers again had been over-optimistic in their purchases of worsted cloth in 1953, and in the early part of 1954 were still carrying fairly high inventories.

The effect of these changes in output on mills can be seen from the following table relative to a group of seven worsted mills which produce more than half of the worsted cloth made in Canada:

Year	Sales	Shipment	Net Profit or Loss (—) before Depreciation		Net Profit or Loss (—) before Taxes		Net Profit or Loss (—)
	million \$	million yds.	000 \$	000 \$	000 \$	000 \$	
1950.....	16.3	4.2	1,649	475	1,174	758	
1951.....	18.8	4.0	—325	423	—748	—707	
1952.....	14.5	3.5	—138	329	—467	—513	
1953.....	13.3	3.4	—124	118	—242	—246	

These sales figures cannot be compared directly with the total production of worsted cloth. They include all sales, both civilian and military, and all-wool worsted cloths as well as any blends these companies may have made. In 1951, although shipments fell by 200,000 yards, the value of sales increased by \$2.5 million. This would suggest that most of the loss of \$707,000 which was incurred in that year was due to a fall in inventory values, as was evidenced in 1952 when shipments of cloth by this group of mills (3.5 million yards) equalled the total production of all worsted cloth (civilian and military) by all mills. Even allowing for some production of blends, shipment figures suggest that these mills held heavy inventories at the end of 1951 which they sold during 1952.

Shipments of cloth in 1953 were at about the same level as in 1952 but mills received more than \$1 million less for these sales. It would appear that in these years the seven worsted companies must have sold a fair amount of their output at unprofitable levels.

Production of Woollen Cloth:

In contrast with the steady level of output by the worsted mills from 1946 to 1950, production of woollen cloth reached a peak of 20 million yards in 1947. Thereafter, it fell steadily each year, until it reached its lowest point of 9.5 million yards in 1952, a total fall of more than 50 per cent. In 1953, production of woollen cloth increased by about 2 million yards, but, contrasted with worsted production, it is still far below the level of the immediate post-war years.

The production of non-apparel fabrics has shown a different pattern. These fabrics are chiefly automobile and furniture upholstery. Production of these cloths in 1946 and 1947 was less than in 1935-39. However, as the production of automobiles increased in 1949 and 1950, the output of fabrics increased to meet this demand. Not so in 1952 and 1953, however, when output of wool upholstery cloth fell, despite the fact that production of motor cars rose sharply in 1953. This meant a loss of production for some woollen mills; other mills began to turn out wholly synthetic fabrics for automobile upholstery, and wool fabrics have now disappeared from this field. This production of synthetic fabrics would not be included in the following statistics:

Table IV—Canadian Civilian Production of Woollen Cloth
Million linear yards

	All wool apparel fabrics	Non-apparel fabrics	Total
1935-9.....	9.0	2.0	11.0
1946.....	17.5	1.1	18.6
1947.....	18.7	1.4	20.1
1948.....	17.4	1.8	19.2
1949.....	15.1	2.5	17.6
1950.....	11.6	2.8	14.4
1951.....	9.3	2.6	11.9
1952.....	7.6	1.9	9.5
1953.....	10.5	1.1	11.6

The financial reports of a group of nine woollen companies for these years differ also from those of worsted companies. Whereas the worsted companies, although still making considerable losses in 1953, had been able to improve their position from that of 1952, these nine woollen companies, which produce more than one-third of the woollen cloth, appear to have been in even greater difficulties in 1953 than in 1951 and 1952, in spite of the increase in total output of woollen cloth:

Year	Sales	Shipment	Net Profit or Loss (-) before Depreciation		Net Profit or Loss (-) before Taxes		Net Profit or Loss (-)
			000 \$	000 \$	000 \$	000 \$	
1950.....	14.2	6.1	1,544	562	982		552
1951.....	18.6	5.4	959	447	512		172
1952.....	18.6	4.9	386	235	151		- 58
1953.....	11.2	4.3	-717	192	-909		-753

The value of sales in the above table includes sales of all types of cloth made by these companies. In contrast with the worsted mills, this group of woollen mills made a profit in 1951. In that year, woollen mills made a considerable amount of cloth for the services, which accounts, no doubt, in large measure for the fact that the value of sales increased by over \$4 million, to \$18.6 million, in spite of the fall in shipments. The profits from these sales more than offset any inventory losses which may have been incurred through the fall in the price of wool. Although total civilian orders in 1952 fell to their lowest point in post-war years (see Table III) shipments of these companies fell by only 500,000 yards, to 4.9 million yards. Two factors probably account for this. It is not unlikely that these companies in this year sold substantial quantities of cloth from inventory. In addition, according to reports, they made more military cloth in 1952 than in 1951. This production, however, was not, on the whole, as profitable as that in the previous year. As a result, it was not sufficient to offset other losses, and these companies incurred a net loss of \$58,000, in spite of reduced allowance for depreciation.

In 1953, total civilian demand increased, but these companies shipped 600,000 yards less cloth than in 1952—due no doubt to the decrease in shipments from inventory and for military orders. The curtailment of the latter probably accounted for most of the fall in the value of sales. The operating loss of \$753,000 in this year suggests that woollen, as well as worsted, manufacturers sold much of their cloth at unprofitable prices.

Production of Wool Blend Fabrics:

The development of new cloths consisting of wool blended with other fibres has been one of the most interesting features of the post-war wool-cloth market. Unfortunately, statistics are not available to show how much of these cloths was produced in worsted or woollen mills. Although the wool-cloth industry as a whole has produced most of these blended cloths in recent years, the invasion of their market by the synthetic industry, at a time when demand for cloth containing wool was falling, has increased the difficulties of the wool-cloth mills. Moreover, the severity of this competition is uncertain, as it is impossible to know how many looms in the synthetic industry will, in any one year, be used to produce cloth containing wool.

This is illustrated by the following table:

Table V—Canadian Civilian Production of Wool-blend Cloths

Million linear yards

	Wool Cloth Industry		Synthetic Industry	Total
	Wool and Cotton	Wool and other Fibres (chiefly rayon)	Wool and Synthetic	
1935-39.....	1.9	—	—	1.9
1946.....	1.2	2.0	1.0	4.3
1947.....	1.2	1.1	1.6	4.0
1948.....	1.6	1.1	1.8	4.5
1949.....	1.4	2.1	2.0	5.6
1950.....	1.6	2.8	2.7	7.1
1951.....	1.5	3.4	2.9	7.8
1952.....	1.2	3.1	2.2	6.4
1953.....	0.6	4.0	0.8	5.4

(See Appendix E, Table IV).

In 1953, the synthetic industry produced only 800,000 yards of cloth containing wool compared with 2.2 million yards in 1952 and 2.9 million yards in 1951. However, it is by no means certain that the synthetic industry will not, in any future year, again produce larger quantities of cloths blended of synthetic and wool fibres. Production of wool and rayon cloth by wool-cloth mills reached its peak in 1953, and, although still a small part of total production, the gradual growth of sales of the cloth has, to some extent, compensated for the fall in other wool cloths. Statistics are not available to show how much competition the Canadian industry has had to meet from United Kingdom exports in this field, but, from evidence presented to the Board, it would seem that only a very small proportion of mixtures is of wool and synthetic fibres. Most of the British competition in blends is in fabrics blended of wool and cotton.

Closed Mills:

The effect of the market changes in the post-war years on some mills was such that they were forced to cease operations. During the war there had been considerable expansion in this industry. In 1939, there were 63 establishments in the wool-cloth industry employing about 6,000 workers. By 1946 there were 100 establishments with 9,900 workers. Some of these new plants were quite small, since the average number of employees per establishment fell from 125 in 1942 to 99 in 1946. (In these years, 30 new plants were established but total employees increased by only 1,148.) It does not require a large amount of capital to start a woollen mill, and doubtless small investors were attracted to that industry by the profitable operations of the older mills in these years.

In the years 1946-50, which were profitable years for the wool-cloth industry as a whole, the number of establishments fell, from 100 to 85, with a reduction in the number of employees from 9,900 to 9,200. Three new establishments were added in 1951, but since that date 12 woollen mills, 5 worsted mills (and 8 burling and mending establishments) have ceased operations. In 1950, these 17 mills produced approximately 2.3 million yards of cloth (1.9 million yards of woollen and 400,000 yards of worsted cloth), which was about 8 per cent of the total amount of wool-cloth produced in that year.

It was stated at the hearings that an "examination of those companies which have closed down indicates that in almost every case they were in the nature of war industries that were opened or re-opened to deal with war production or post-war demands, and whose closing, when exceptional needs were satisfied, was all but inevitable." The Board has found that this evidence is not strictly in accord with the facts. Of the 17 wool-cloth mills that closed,

only six had been established during or after the war. Most of the mills which closed had been established before the war, in some cases even before World War I.

The closing of these mills was probably due to a combination of factors. There is no doubt that the management of some of the older mills was not as alert and efficient as it should have been. Old machinery had not been replaced as it depreciated, often no salesmen were employed; and these mills were unable to continue operations in the highly competitive market of recent years. Apart from the general decline in demand for wool-cloth, probably the most important reason for the closing of these mills has been lack of orders for the type of cloth which had been the predominating item in their line of production. There is, certainly, no doubt that some mills were forced to close because they continued to concentrate on the production of heavy woollen cloths, e.g., mackinaws, etc., for which the demand has practically disappeared. Other plants may have made other cloths, e.g., wool automobile upholstery, which became too costly in relation to new synthetic fabrics, and unless these plants had switched to these newer fabrics they would have had difficulty in remaining in operation.

(ii) *Wages and Employment:*

At the end of the war, woollen textile workers were one of the lowest paid groups of workers in Canada, and earned on the average less per hour than the average for "manufacturing industries", with the exception of those in cotton textiles and knit goods. Statistics of earnings of wool cloth workers per se are not available. But those for all woollen textiles show that in 1945 workers in this industry earned on the average 49.2 cents per hour; the average hourly earnings for all manufacturing in the same year were 69.4 cents per hour. When wartime controls were removed and wages generally began to increase, the wages of woollen textile workers also began to move upwards. Their average earnings per hour had risen 61%, to 79.2 cents, by 1949, by which date the average hourly earnings in all manufacturing had risen to 98.6 cents per hour, an increase of 44%. In spite of this increase, woollen workers were still one of the lowest paid groups of factory workers in Canada, only those in leather products, clothing, knit goods and canning industries earning less per hour.

On the average, woollen textile workers worked only slightly longer hours in these years than the average factory workers, (42.9 hours in 1949 as compared with the average for all manufacturing of 42.3 hours), so that the weekly pay envelope of wool textile workers was lower than that of workers in most other industries. (See Appendix E, Table V). It should, however, be noted that this average figure of hours worked is lowered by the fact that about 39 per cent of the woollen textile wage earners are women, some of whom work shorter hours than men. In 1949, 28 per cent of female wage earners worked less than 40 hours per week (see Appendix E, Table VII). In the same year about 47 per cent of all wage earners in this industry worked between 45-50 hours per week.

It was suggested during the inquiry that in years of profitable operations, (1946-49) wool cloth manufacturers were too optimistic and raised the wages of their workers too much, and that, as a result, Canadian wool cloth cannot compete with wool cloth made in low-wage countries. This is a difficulty that manufacturers in a high wage economy must meet if they are to continue in production. For industries where the cost of labour is a large proportion of total cost, such as the wool cloth industry, this is a serious problem for manufacturers. To compete in this market, production in this industry must be efficient. This means that manufacturers must not only give efficient management but must attract and keep skilled and industrious workers. To do this, the industry must pay wages which are at about the same level as those offered by manufacturers of other products.

In recent years, although operations have been less profitable for manufacturers, the earnings of woollen textile workers have continued to rise, though

not at the same rate as the average for all manufacturing. From 1949 to July, 1954, the average hourly earnings of all manufacturing rose by 44 per cent to 141.7 cents per hour. At the same time, the average earnings of workers in the woollen textile industry rose 32 per cent to 104.3 cents per hour. This increase has left the industry in the same relation to other industries as in 1949, that is, wool workers, on the average, are still one of the lowest paid groups of workers, but receive more than workers in the clothing, leather and canning industries.

Annual Averages of Hourly Earnings of Hourly-rated Wage-earners by Industry

	1945	1946	1949	1953	July 1954
	cts.	cts.	cts.	cts.	cts.
Manufacturing.....	69.4	70.0	98.6	135.8	141.7
Textile products (except clothing).....	49.7	53.7	83.0	107.5	110.9
Cotton yarns, broad woven goods.....	48.5	52.8	85.1	110.1	111.7
WOOLLEN GOODS.....	49.2	53.2	79.2	102.1	104.3
Synthetic textiles and silk.....	49.6	53.8	85.0	109.8	116.3
Clothing (textile and fur).....	53.0	56.2	76.4	95.3	98.8
Food and beverages.....	59.0	62.5	86.0	115.5	121.6
Tobacco and tobacco products.....	51.3	53.9	85.7	129.4	143.2
Rubber products.....	71.9	72.3	104.5	142.6	146.7
Leather products.....	52.2	55.8	74.9	96.4	100.8
Iron and steel products.....	75.1	76.1	108.4	152.9	158.1
Transportation equipment.....	86.9	87.9	116.0	156.9	161.1
Electrical apparatus and supplies.....	70.5	71.5	109.1	143.2	151.4
Chemical products.....	68.4	69.4	98.6	138.0	146.3

Source:

Dominion Bureau of Statistics—Man-hours and Hourly Earnings.

For footnote—See Appendix E, Table V; also for percentage of male and female wage-earners in these industries.

Although in its brief the Textile Workers Union of America (CCL-CIO) stated, in referring to the industry's present difficulties, that "individual employers have sought to capitalize upon the distress (of the workers) to force wage reductions upon their employees", the Board has not received any evidence to support this statement. As far as the Board has been able to ascertain there have been only a few instances of small reductions in wages in recent years, other than the reduction at the Hespeler plant of Dominion Woollens & Worsteds Ltd. Members of the Woollen Workers Union employed at this plant in a brief sent to the Board stated that Union members gave "a voluntary contribution of 13% of wages from March 1, 1954 until Sept. 30, 1954 to assist the company". Later, when the Union asked for the restoration of this cut, the Conciliation Board ruled that the company could not afford it. An agreement was reached by which employees were to receive a 2 per cent increase in wages and 10 per cent of the profits of the company from January 1, 1954.

One fact that enables wool cloth manufacturers to pay lower wages on the average than other industries is that most of the mills are in small towns or villages where the cost of living is usually lower than in cities. There is little doubt that mills situated in high-wage areas must pay higher wages than those in small towns and this undoubtedly makes it more difficult for the former to compete in the highly competitive market for wool cloth in Canada today. In general it would seem that notwithstanding the level of wages, this industry does not have difficulty in attracting workers.

The wool cloth industry in the brief presented to the Board claimed that the "rapid downward trend in employment" in this industry in recent years is one of the factors indicating that "the continued existence of the wool cloth industry in Canada is in jeopardy".

At what point does loss of employment indicate jeopardy of an industry? Inquiry revealed that some firms have dismissed all their employees, but,

judging by their volume of shipments, others have continued to employ a fairly constant number of workers.

While it is impossible to determine exactly the number of workers employed in the manufacture of wool cloth, it is possible to secure figures which indicate with reasonable accuracy the trend of employment.

The official statistics of employment in this industry are those published by the Dominion Bureau of Statistics, showing the number of workers actually employed by firms in the wool cloth industry, that is, by firms "primarily engaged in weaving wool cloth, blankets, etc.". To estimate the number of wool cloth workers, some allowance must be made for workers engaged in the weaving of products other than wool cloth, the value of which for a representative group of firms in this industry in 1953 amounted to between 10 and 15 per cent of the value of total production.

Wool cloth is produced also by firms whose major production is one or more of the following: wool yarn, miscellaneous wool products, knit goods, cotton goods or synthetic products. The amount of wool cloth produced by the first of these groups, the firms producing wool yarns, is small: there are only 10 looms for the making of cloth in this group. The firms making miscellaneous wool goods are more important producers of wool cloth, reporting 57 looms for this purpose. The Board has received from the firms in this group statistics showing their production of wool cloth for the past five years, with estimates of the workers engaged thereon. In the knitting industry there are approximately 118 looms for making cloth. In the cotton and synthetic industries it is impossible to estimate the number of looms that may be used to make wool cloth in any year. However, the Board has received reports of the amount of cloth containing wool produced by these three related industries and from these has made its own estimate of the number of workers so engaged.

Official statistics show that the number of wage earners in the wool cloth industry reached its peak in 1949. Taking into account all the factors mentioned above, the Board has estimated that in 1949 there were approximately 10,500 workers making cloth containing wool. Employment fell in the following year as high prices reduced the demand for wool cloth, but increased again in 1951 as mills became more active with military orders. Late in 1951, however, employers began to decrease the number of workers, until, by 1953, there were approximately 8,200 workers, a fall of about 22 per cent from the 1949 peak.

This was a fairly serious decline, but much more so has been the further fall in employment between the second quarter of 1953 and that of 1954. Unfortunately, quarterly figures of cloths containing wool produced by the cotton and synthetic industries are not available, but assuming that this production continued at about the 1953 level, total employment of wool-cloth workers fell from approximately 7,800 in the second quarter of 1953 to approximately 6,000 in the same quarter of 1954—a fall of some 23 per cent, or, from the 1949 peak, a total fall of about 43 per cent. Notwithstanding an increase in production in 1953, employment continued to decline. Monthly figures from the Bureau indicate that there was a slight upturn in employment in July, 1954, but this improvement was not fully held in August and September.

While employment was reduced by about 4,500 between 1949 and June, 1954, a number of other workers were employed part-time. A manufacturer whose output is falling, naturally hopes that the decline is temporary, and for that reason is loathe to dismiss skilled workers who may be difficult to replace. A wool-cloth manufacturer, if possible, tries to retain skilled workers, such as burlers and menders.

In the wool cloth industry it is not unusual for a number of workers, especially female workers, to work less than 30 hours per week. Unfortunately, there are no statistics on part-time employment available for this industry alone. However, some indication of this practice is shown by the percentage distribution of wage earners in the Woollen Goods Industry (that is, all segments of the Wool

Textile Industry, including cloth, yarn, paper-makers' felts, blankets, carpets, etc.) by hours worked. (See Appendix E, Table VII) In 1949, 18.2 per cent of the 12,176 wage earners reported in the Woollen Goods Industry worked less than 40 hours per week. By 1952, the number of wage earners reported had fallen to 10,966, of whom 18 per cent were working less than 40 hours per week.

Supplementary evidence on this point was submitted to the Board by the wool cloth industry. In June, 1954, this industry made a survey of a representative group of wool-cloth mills employing at that time 4,100 workers. This survey showed that 200 of these were working from 16 to 24 hours per week, 600 were working from 25 to 32 hours, 300 were working from 33 to 40 hours, and 3,000 were working over 40 hours. In other words, of this group about 27 per cent were working less than 40 hours per week. This percentage cannot be compared directly with that for the Woollen Goods Industry. But, even allowing for the fact that some preferred to work less time than the average, it is probable that there was a higher proportion than usual of workers on part-time in this industry in June, 1954.

The results of this survey, however, must be related to the average hours per week worked by employees in the wool-cloth industry. Statistics made available to the Board by the Bureau show that for the first six months of 1954, employees worked on the average 41.6 hours per week compared with 43.75 hours for the first six months of 1953. By the first week of June, 1954, the average hours worked had declined to 40.3 hours per week compared with 43.8 hours in the corresponding week of June, 1953. (See Table VIII in Appendix E.)

In the first week of July, 1954, however, there was a marked increase in the average hours worked—from 40.3 to 43.1 hours, and this was maintained in August (43.2 hours). As this increase occurred in a month when employment increased, it was maintained by witnesses at the hearings that this indicated substantial improvement in the wool-cloth industry. Wool-cloth manufacturers contested this claim, stating that, without knowledge of the policy adopted by individual firms, no valid conclusion could be drawn from a short term increase in the average hours worked.

In recent weeks, there have been indications that some mills are busier than they were in the earlier part of 1954, but it is not possible to say whether the improvement in employment will be temporary or permanent.

It has been suggested that part of the reduction in employment in this industry has been due to technological changes introduced in the post-war years. The question of technological change and its effect on employment is one which the layman must necessarily approach with diffidence. But there can be no doubt that to meet the competition of imports from countries with lower wage scales, the Canadian producer must take advantage of any improvements in machinery which will enable him to reduce his labour costs, provided that this change does not increase productive capacity beyond the needs of the market nor reduce his working capital so that his financial position is not sufficiently liquid.

It would seem that of the many improvements in textile machinery in recent years, those in the spinning and weaving sections have effected considerable economies in labour. By 1952, approximately 73 per cent of the looms in Canadian weaving sheds were automatic compared with only 41 per cent in 1945. This change has resulted in some reduction of the number of weavers employed, but as weaving is only one of the processes in the manufacture of cloth, weavers are only a small proportion of total wool cloth workers.

The number of looms which a worker can tend, whether automatic or manual, depends on the type of cloth being woven and on the skill of the weaver. One skilled weaver, on certain types of cloth, may tend four manual looms, while on other types of cloth, one weaver will look after one loom only. Evidence was given (see Evidence p. 1232) that in England, where the manual loom is still widely used, there are many weaving sheds run on one loom per weaver.

With automatic looms, a weaver may tend from six to twelve looms depending again on his skill and the type of cloth being woven.

The following calculation may give a very rough indication of the number of workers affected by the wider use of automatic looms in the Canadian cloth industry in the post-war years. In 1949, the Bureau of Statistics reported that the wool cloth industry was using 1,404 manual looms and 1,014 automatic looms. By 1952 the number of manual looms had fallen to 655 and automatic looms numbered 1,788. Taking as an average one worker per three looms using the 1,404 manual looms, and one worker per eight looms using the 1,014 automatic looms in the mills in 1949, the number of weavers employed would be about 600. Applying the same estimate to the 655 manual looms, and to the 1,788 automatic looms in 1952, the number of weavers employed would be about 440, 160 less than in 1949. But with the increasing use of automatic looms, some additional auxiliary help is needed for weavers tending these looms, and owing to the higher number of defects in cloth woven on these looms, more burlers and menders must be employed. It is quite impossible, therefore, to give an accurate estimate as to the loss of employment due to the use of automatic looms, but taking into account all these factors and making allowance for changes in the knitting and other industries producing wool cloth, it would seem unlikely that more than 400 workers have been displaced by this change in recent years.

As regards spinning, little information is available by which to estimate the effects of technological improvements on employment. In recent years, both British and American textile machinery manufacturers have introduced some fundamental improvements in spinning machinery which, by reducing the number of drawing processes, have made possible considerable reduction in labour costs in this section, but we have no information as to how many of these improvements have been introduced into Canadian mills.

On the whole, therefore, there seems little doubt that most of the loss of employment by wool-cloth workers has been due to factors other than technological changes. The attitude of labour on this subject is of interest. While admitting, in its brief presented to the Board, that some workers had lost their jobs in the wool-cloth industry because of technological changes, the Textile Workers Union of Canada (CCL-CIO) asked that protection be given to this industry in order that management might have "the incentive to invest and to go after modernizing their mills more than they have done". (Evidence p. 1962). This suggests that such technological changes as have already been made caused little disharmony between labour and management. Probably because most of the mills are relatively small units compared with mills in other industries, management is fairly close to the workers and their problems. Perhaps for this reason, good labour-management relations have been developed in most mills, and as a result such problems as work loads and technological changes in general appear to have been dealt with constructively. The fact that there have been relatively few work stoppages in recent years suggests that negotiations on these matters have been carried through without undue friction.

(iii) *The Financial Position of the Wool-Cloth Industry:*

The wool-cloth industry submitted to the Board at its hearings, financial data relating to the industry, prepared by Clarkson, Gordon & Co. This was based on information for the years 1946-53 supplied by 23 wool-cloth companies in answer to a questionnaire which had been prepared by the Canadian Woollen & Knit Goods Manufacturers Association in conjunction with Clarkson, Gordon & Co. and sent to 48 firms reported to be manufacturers of wool cloth. However, it was found later that cloth containing wool was not the major item of production of a number of these firms, and the resultant financial survey was limited to 23 companies, 50 per cent or more of whose production was cloth containing wool. (See Appendix C).

Subsequent to the first hearing and at the request of the Board, the financial data submitted were checked by the accounting firm against the financial statements of the 23 companies concerned; moreover, the financial statements (mostly-audit-certified) of these firms for the years 1950-53 were forwarded to the Board for closer examination. The Board received also the financial statements of four additional small companies, whose figures were not included in the aggregate tables prepared by Clarkson, Gordon & Co. (For names of companies, see Appendix C, List A.)

The Board has examined the data submitted as well as the financial statements of these companies, which comprise a representative group of the industry in Canada, their shipments of wool cloth in 1953 amounting to approximately 60 per cent of the total shipments of wool cloth made by the wool textile industry, as reported by the Bureau of Statistics in that year, and nearly 54 per cent of all wool cloth made in Canada.

No financial statements of the individual companies were submitted for the years prior to 1950. Messrs. Clarkson, Gordon & Co., however, summarized the returns of 16 companies which had supplied financial information for the years 1939-50, as well as the returns of the 23 companies referred to above. For the period prior to 1950, Clarkson, Gordon & Co. reported:

"The sixteen companies reporting showed combined profits in each year during the period 1939 to 1950, inclusive, with the exception of a small loss in the year 1949. The combined operations of the twenty-three companies reporting for the years 1946-1950, (including the sixteen which were operating prior to 1946) showed profits in each year during the period. . .

The following summary shows the significant features of the operations for the year 1939, the war period 1940-1945 and the post-war period 1946 to 1950, inclusive:

	Period			
	1939 1 year 16 companies	1940-1945 6 years 16 companies	1946-1950 5 years 16 companies	1946-1950 5 years 23 companies
	(thousands of dollars)			
Average annual sales.....	14,169	28,512	32,436	43,051
Average shareholders' investment (approximate)	9,900	12,500	15,100	17,300
Average annual profits.....	833	1,257	1,245	1,713
Percentage of profits to sales.....	5.9%	4.4%	3.8%	4.0%
Percentage of profits to shareholders' investment.....	8%	10%	8%	10%

(See Evidence, Vol. 7—Exhibits. Reports on Financial Information submitted by Wool Cloth Manufacturers, August 1954, prepared by Clarkson, Gordon & Co., page 2).

This summary indicates that the wool-cloth industry as a whole was a profitable one during the years 1939 to 1950. With the outbreak of World War II, the industry's capacity to produce was used to the limit and it was in a position to obtain prices which ensured profitable operation, so much so that it had little need to seek, develop and hold its own market. It had an opportunity to build up reserves and to equip its plants with modern machinery. The manner of building up reserves varied from firm to firm, but, judging by the group of 23 firms—which by the end of 1950 had accumulated reserves of nearly \$12 million—the Board has no reason to assume that, on the whole, the industry had followed an imprudent financial policy in those years. According to the Bureau, wool-cloth firms spent about \$15 million on capital expenditures for construction, machinery and equipment in the years 1946 to 1950, inclusive, as well as \$10 million on repairs and maintenance. (See Appendix E—Table XI.)

In 1949, when there was a slight fall in wool prices and when signs began to appear that the backlog of civilian demand had been filled, some companies operated at less than capacity and some had operating losses. (See Appendix C.)

The financial state of an industry is dependent in large measure on its ability to market its product profitably, which in turn may depend on a number of factors—the state of demand, competition from other sources, fluctuations in the raw material market, efficiency of management, etc. Examination of financial statements alone does not permit the weighing of the influence of these various factors; although at times the influence of one factor may stand out in fairly clear relief (*e.g.*, a marked change in the price of raw materials) it is, on the whole, possible to draw from financial statements only general conclusions as to the reasons for financial changes.

In 1950–51, Government orders began to flow in and in 1950 almost every unit of the industry again added to its surplus, an overall peak being reached in that year. During this period, raw material prices skyrocketed and subsequently fell off again (wool tops (64's)—rose from 99 pence per pound in September, 1949, to 399 pence per pound in March, 1951, and fell off to 119 pence per pound by March, 1952). It is not possible, from the audited statements of the various companies, to determine exactly how and when these variations in raw material prices affected the various inventory valuations. It seems certain, however, that large stocks had been accumulated at high prices, that falling prices necessitated the write-down of inventory values in 1951–52 and, that, although Government orders were still being filled in volume, the industry as a whole, instead of repeating its previous profitable performance, suffered severe losses. This is illustrated by the fact that the overall surplus to the end of 1950, of \$11,880,000, which had been accumulated by the twenty-three companies, fell, by the end of 1951 to \$9,390,000, and in 1952 to \$7,214,000. (See Schedule IV). With the completion, in 1952, of most of the orders arising out of the Government's military demand, and with the industry's expanded capacity, it was faced with the problem of selling cloth in a falling market and against competition from abroad. Furthermore, at this time, many of the industry's customers were already well stocked with cloth.

The financial state of the industry, as indicated by the financial statements of the twenty-three companies, is set forth in summarized form in the under-noted schedules:

Schedule I—showing the cumulative increases or decreases in assets in 1951, 1952 and 1953, as compared with the holdings at the close of the fiscal year ended in 1950.

Schedule II—showing the changes in assets (Schedule I) in detail by groups of companies.

Schedule III—showing cumulative increases or decreases in current assets in 1951, 1952, and 1953, as compared with holdings of current assets at the end of the fiscal year 1950.

Schedule IV—showing the cumulative increases or decreases in current liabilities, capital debt, and surplus during the period 1951 to 1953, compared with 1950.

Schedule V—a consolidated statement of the summarized profit and loss accounts for the years 1950 to 1953.

In those cases where fiscal years are other than December 31st, the rule followed has been that any fiscal year which ended on or before June 30th is included as pertaining to the previous year, *e.g.*, a fiscal year ended June 30, 1953, would be regarded as 1952.

SCHEDULE I

Statement of Cumulative Increases or Decreases (–) in Assets in 1951, 1952 and 1953 as compared with the Holdings at the close of the Fiscal Year 1950

	Assets at the close of 1950	Increase or Decrease (–) During		
		1951	1952	1953
	\$	\$	\$	\$
Cash and Marketable Investments.....	1,063,298	–82,790	367,609	–123,174
Accounts Receivable.....	6,494,106	957,493	–1,538,084	–1,486,640
Inventories.....	20,093,090	2,887,806	–6,010,365	–5,367,086
Other Current Assets.....	362,444	527,411	48,928	322,315
Total Current Assets.....	28,012,938	4,289,920	–7,131,912	–6,654,585
Fixed Assets.....	9,855,510	–58,449	–516,513	–128,884
Other Assets.....	1,731,989	219,765	404,344	833,109
Total Assets.....	39,600,437	4,451,236	–7,244,081	–5,950,360

Important features of the above Schedule I are:

- (1) the decrease in the value of inventories in 1952 of \$6.0 million from the 1950 level.
- (2) the decrease in Accounts Receivable in 1952.
- (3) These two factors accounted chiefly for the fall of \$7.1 million in current assets in 1952 as compared with 1950.

The following Schedule II gives details of the above tabular summary. In order to enable a view to be formed as to the extent to which the industry's present financial state may have arisen from the incidence of insufficient working capital or from continued operation at a loss, the figures of the several companies are grouped as follows in respect of the period 1950 to 1953, inclusive:

Group I—Three companies which did not suffer losses in any of the years 1950 to 1953, inclusive, and which had current ratios of 2:1 or better in 1950; that is, companies which were in a good liquid position.

Group II—Nine companies which suffered losses in one or two years in the period 1950-1953, inclusive.

(a) Five with a current ratio of 2:1 or better in 1950

(b) Four with a current ratio less than 2:1

Group III—Eleven companies which suffered losses in three or more years in the period 1950-1953, inclusive.

(a) Five with a current ratio of 2:1 or better in 1950

(b) Six with a current ratio less than 2:1

SCHEDULE II

Statement of Cumulative Increases or Decreases (–) in Assets in 1951, 1952 and 1953 as compared with Holdings at the close of the Fiscal Year 1950—by Groups

	Group	Assets at the close of 1950	Increase or Decrease (–) During		
			1951	1952	1953
Cash and Marketable Investments.....	I	161,718	–19,441	94,304	249,057
	IIa	221,687	318,392	214,320	178,226
	IIb	20,943	9,537	–6,607	–2,577
	IIIa	621,939	–502,545	31,729	–547,032
	IIIb	37,011	111,267	33,863	–848
		1,063,298	–82,790	367,609	–123,174

SCHEDULE II—Concluded

Statement of Cumulative Increases or Decreases (—) in Assets in 1951, 1952 and 1953 as compared with Holdings at the close of the Fiscal Year 1950—by Groups—Concluded

	Group	Assets at the close of 1950	Increase or Decrease (—) During		
			1951	1952	1953
Accounts Receivable.....	I	485,796	49,914	14,386	—128,484
	IIa	1,980,813	89,507	—676,853	—455,427
	IIb	788,719	259,916	286,933	207,229
	IIIa	846,930	169,626	—408,183	—340,887
	IIIb	2,391,848	388,530	—754,367	—769,071
		6,494,106	957,493	—1,538,084	—1,486,640
Inventories.....	I	2,144,376	107,403	—707,035	—611,337
	IIa	5,298,624	—52,758	—2,049,932	—2,208,008
	IIb	2,242,613	385,524	—660,469	73,269
	IIIa	2,465,233	2,147,787	—236,205	374,168
	IIIb	7,942,244	299,850	—2,356,724	—2,995,178
		20,093,090	2,887,806	—6,010,365	—5,367,086
Other Current Assets.....	I	91,865	—3,495	—13,637	—11,619
	IIa	30,624	313,278	—3,907	173,312
	IIb	45,730	72,509	8,613	171,520
	IIIa	33,851	44,675	96,533	41,987
	IIIb	160,374	100,444	—38,674	—52,885
		362,444	527,411	48,928	322,315
Fixed Assets (Depreciated Value).....	I	559,831	139,552	22,750	66,124
	IIa	1,357,849	—82,828	—2,703	—23,948
	IIb	1,978,385	—165,790	—416,015	—362,650
	IIIa	1,471,033	—51,408	—110,295	144,178
	IIIb	4,488,412	102,025	—10,250	47,412
		9,855,510	—58,449	—516,513	—128,884
Other Assets.....	I	11,327	106,272	126,746	88,753
	IIa	218,363	76,514	179,497	180,867
	IIb	56,849	55,368	56,821	493,343
	IIIa	455,527	—11,417	31,178	59,334
	IIIb	989,923	—6,972	10,102	10,812
		1,731,989	219,765	404,344	833,109
Total.....		39,600,437	4,451,236	—7,244,081	—5,950,360

The following items in the above Schedule should be noted:

(1) The decrease in Accounts Receivable in Groups IIa, IIIa and IIIb in 1952. Group IIa includes Paton Manufacturing Co., and Group IIIb, Dominion Woollens and Worsteds Ltd.; because of the size of their operations, these companies dominate these groups.

(2) The increase in inventory holdings in 1951 compared with 1950.

(3) In 1952 the value of inventories was nearly \$9 million less than in 1951. Note the decrease in the value of inventories in Groups IIa and IIIb. In spite of this decrease, the former companies were still in a good liquid position in 1952, as contrasted with those in Group IIIb, whose already tight liquid position became most acute as a result of these inventory losses.

(4) Companies in Group IIb appear to have improved their position in 1953. Inventories were slightly higher than in 1950; Accounts Receivable also showed substantial increase.

(5) Companies in Group IIIa must have built up a strong financial position prior to 1951. These are five companies which incurred losses in three or more years between 1950 and 1953. Their inventory losses were not as heavy as

those of other groups, and in 1953 they still had a good liquid position. Their inventories in 1953 were also higher than in 1950, but Accounts Receivable, and Cash and Marketable Securities showed marked decrease.

(6) As to fixed assets, only those of firms which incurred no losses during the period increased in value in each year.

The following Schedule III shows the change in total current assets of each group of firms as given in detail in Schedule II:

SCHEDULE III

Statement of Cumulative Increase or Decrease (—) in Current Assets in 1951, 1952 and 1953 as compared with the Holdings at the close of the Fiscal Year 1950, by Groups of Companies.

	Current assets as at the close of 1950	1951	1952	1953
	\$	\$	\$	\$
Group I.....	2,883,755	134,381	—611,982	—502,383
II(a).....	7,531,748	668,419	—2,516,372	—2,311,897
II(b).....	3,098,005	727,486	—371,530	449,441
III(a).....	3,967,953	1,859,543	—516,126	—471,764
III(b).....	10,531,477	900,091	—3,115,902	—3,817,982
Total.....	28,012,938	4,289,920	—7,131,912	—6,654,585

The changes in current assets shown above should be considered in relation to the changes in current liabilities shown in the following Schedule IV.

SCHEDULE IV

Statement of Cumulative Increases or Decreases (—) in Current Liabilities, Capital Debt, and Surplus, during the period 1951 to 1953 compared with 1950

	Group	Totals at the close of 1950	1951	1952	1953
		\$	\$	\$	\$
Increase or Decrease (—) in Current Liabilities.....	I	615,082	614,766	—98,421	—52,023
	IIa	1,410,518	882,125	—493,852	—853,632
	IIb	695,233	689,494	345,212	179,824
	IIIa	628,348	975,707	57,796	464,753
	IIIb	1,879,740	1,863,342	4,042	—187,489
		5,228,921	5,025,434	—185,223	—448,567
Increase or Decrease (—) in Capital Debt.....	I	792,916	—302,984	—235,968	—241,843
	IIa	5,225,315	—27,432	—1,213,997	—395,561
	IIb	3,041,567	338,722	443,107	1,180,746
	IIIa	1,969,248	1,215,959	32,982	242,157
	IIIb	11,454,709	700,035	—524,765	—65,333
		22,483,755	1,924,300	—2,384,855	747,166
Increase or Decrease (—) in Surplus....	I	2,046,915	68,423	—128,096	—80,640
	IIa	2,472,127	—192,588	—631,729	—905,785
	IIb	1,396,439	—411,152	—632,830	—780,436
	IIIa	3,296,917	—394,948	—686,021	—975,162
	IIIb	2,675,363	—1,568,233	—2,595,327	—3,506,936
		11,887,761	—2,498,498	—4,674,003	—6,248,959
Total.....		39,600,437	4,451,236	—7,244,081	—5,950,360

NOTE: In the above Schedule, capital debt includes subscribed capital, long and short term debt, bank loans and loans by parent or associated companies. Note the decrease in reserves (surplus) account of \$6.2 million between 1950 and 1953.

In its brief, the Canadian Wool Cloth Industry stressed the seriousness of the loss of capital by the industry in this period. "Shareholders' equity in the 23 companies has been reduced from a total of \$20,264,000 to \$14,007,000 from 1950 to 1953, a reduction during the three years of \$6,257,000 or 30.9 per cent." (See Brief of Canadian Wool Industry, paragraph 12(a)). Although the groupings in the above Schedule IV do not show the shareholders' equity, which is subscribed capital and surplus, the decrease in the total of capital debt and surplus shows approximately the same amount of loss as claimed by the industry. This loss is especially serious, since most of it is in working capital, (excess of current assets over current liabilities).

The following table shows the excess of current assets over current liabilities in 1950, 1951, 1952 and 1953 as compiled from Schedule III and IV.

Excess of Current Assets over Current Liabilities

	1950	1951	1952	1953
	(000 dollars)			
Group I.....	2,269	1,788	1,755	1,819
IIa.....	6,121	5,907	4,099	4,663
IIb.....	2,403	2,441	1,686	2,672
IIa.....	3,340	4,224	2,766	2,403
IIb.....	8,651	7,688	5,531	5,020
Total.....	22,784	22,048	15,837	16,577

In 1950, current assets of all these 23 companies exceeded current liabilities by \$22.8 million. By 1953, this excess had been reduced to \$16.6 million, a loss of \$6.2 million. The six companies in Group IIIb lost \$3.5 million, more than half the total loss, and companies in Group IIa lost \$1.5 million.

As stated earlier, the above figures of current liabilities do not include bank loans or loans by parent or associated companies. As the terms of the latter loans were not made known to the Board, it was decided to include them in capital debt. For this reason, the above calculation of the loss of \$6.2 million in the excess of current assets over current liabilities differs slightly from the loss of \$5.5 million as stated by the industry in its brief (paragraph 12a). Both these calculations, however, indicate the serious position of the industry as at the end of 1953, especially of those companies in Group IIIb.

The following Schedule V gives the sales and operating results of these 23 wool cloth companies:

Schedule V—Consolidated Statement of the Summarized Profit and Loss Accounts Fiscal Years 1950 to 1953

	1950	1951	1952	1953
	\$	\$	\$	\$
Sales				
Group I.....	5,012,371	7,520,217	7,422,303	4,533,110
IIa.....	13,247,624	17,595,600	11,838,806	10,025,997
IIb.....	5,379,359	6,753,523	8,726,563	5,749,318
IIa.....	7,871,253	8,419,240	6,514,718	4,759,035
IIIb.....	19,267,701	23,812,876	16,690,664	14,215,182
	50,778,308	64,101,456	51,193,054	39,282,642
Operating Profit or Loss (—) (before Depreciation)				
Group I.....	577,148	462,722	372,054	273,035
IIa.....	1,585,498	102,317	179,608	—100,776
IIb.....	880,648	91,660	353,906	—147,907
IIa.....	662,039	98,904	—316,590	—339,148
IIIb.....	1,111,476	—2,017,132	—853,232	—802,500
	4,816,809	—1,261,529	—264,254	—1,117,296

Schedule V--Consolidated Statement of the Summarized Profit and Loss Accounts
Fiscal Years 1950 to 1953--Concluded

	1950	1951	1952	1953
	\$	\$	\$	\$
Depreciation				
Group I.....	93,123	106,406	88,592	106,812
IIa.....	323,877	301,318	196,664	241,844
IIb.....	514,108	414,019	344,562	160,752
IIIa.....	191,814	181,402	141,261	8,625
IIIb.....	472,103	270,697	150,661	113,718
	1,595,025	1,273,842	921,740	631,751
Other Income or Deductions (—)				
Group I.....	1,315	1,045	896	1,277
IIa.....	47,988	37,438	37,655	33,083
IIb.....	555	120	3,250	17,480
IIIa.....	20,727	21,663	25,161	21,422
IIIb.....	—110,831	519,732	—21,321	85,340
	—40,246	579,998	45,641	158,602
Profit or Loss (—) before Taxes on Income				
Group I.....	485,340	357,361	284,358	167,500
IIa.....	1,309,609	—161,563	20,599	—309,537
IIb.....	367,095	—322,239	12,594	—291,179
IIIa.....	490,952	—60,835	—432,690	—326,351
IIIb.....	528,542	—1,768,097	—1,025,214	—830,878
	3,181,538	—1,955,373	—1,140,353	—1,590,445
Taxes on Income or Tax Credit (—)				
Group I.....	206,614	184,041	142,951	70,243
IIa.....	564,213	—243,497	277,385	—164,879
IIb.....	147,902	100,810	208,000	—169,432
IIIa.....	244,954	86,154	—86,400	—14,500
IIIb.....	214,035	—157,849	—952	—
	1,377,718	—30,341	540,984	—278,568
Net Profit or Loss (—)				
Group I.....	278,726	173,320	141,407	97,257
IIa.....	745,396	81,934	—256,786	—144,658
IIb.....	219,193	—423,049	—195,406	—121,747
IIIa.....	245,998	—146,989	—346,290	—311,851
IIIb.....	314,507	—1,610,248	—1,024,262	—830,878
	1,803,820	—1,925,032	—1,681,337	—1,311,877

It is important to note that the value of sales of the companies comprising Group IIIb, which are in the most serious financial state, is approximately two-fifths that of the total sales of all 23 companies.

It should be noted that since 1950, a decreasing amount has been allowed in each year for depreciation, which may mean that these companies are not making sufficient reserves for the maintenance of their present plant and for the purchase of new machinery. This may be a precarious policy for an industry such as the wool-cloth industry which, because of its relatively high labour costs, must keep its plants as efficient as possible, and also be ready to take advantage of such improved labour saving textile machines as may appear on the market.

The Profit and Loss figures arrived at by the Board are in substantial agreement with those submitted by Clarkson, Gordon & Co., as shown by the following comparisons:

Profit or losses before Depreciation:

	1950	1951	1952	1953
	\$	\$	\$	\$
The Clarkson, Gordon & Co. Report.....	4,898,878	-1,027,622	-417,222	-911,390
The Board's figures.....	4,816,809	-1,261,529	-264,254	-1,117,296

Profit or Losses before Taxes:

	1950	1951	1952	1953
	\$	\$	\$	\$
The Clarkson, Gordon & Co. Report.....	3,284,979	-2,307,717	-1,357,956	-1,568,727
The Board's figures.....	3,181,538	-1,955,373	-1,140,353	-1,590,445

(For table submitted by Clarkson, Gordon & Co.,—see Appendix C.)

The greater difference (in 1951) may be accounted for chiefly by the fact that the Board's loss figure for 1951 is after making a transfer of \$570,000 from inventory reserve, as noted on Schedule V; small differences are doubtless accounted for by variance in the treatment of fiscal year ends. Both calculations show, however, that in 1951 the industry suffered severe losses; that in 1952 losses were somewhat lower; but that losses increased again in 1953.

The profits of the three companies in Group I have declined steadily since 1950, despite that, to the end of 1953, they had incurred no losses. Both Group IIa and Group IIb, which had made small profits in 1952, incurred substantial losses in 1953. In contrast, companies in Groups IIIa and IIIb, while incurring their greatest losses in 1951, showed smaller losses in 1953 than in 1952, though those in 1953 were substantial. The operations of Group IIIb are dominated by those of Dominion Woollens & Worsted Ltd. whose losses in 1951 and 1952 account for about half the total losses of the group. In 1953, as shown by the following statement, Dominion Woollens & Worsted Ltd. made a small profit, the losses of \$830,000 having been incurred by the other four companies:

Dominion Woollens & Worsted Ltd.

	1950	1951	1952	1953
	\$	\$	\$	\$
Sales.....	9,618,168	9,685,989	6,864,306	6,672,344
Operating Profit or Loss (—) before Depreciation	450,456	-1,395,588	-482,493	136,530
Depreciation.....	152,000	—	—	75,000
Other Income or Deductions (—).....	—	570,000	—	—
Profit or Loss (—) before Taxes on Income.....	298,456	-825,588	-482,493	61,530
Taxes on Income or Tax Credit (—).....	124,000	-101,178	—	—
Net Profit or Loss (—).....	174,456	-724,414	-482,493	61,530

In several instances, interlocking of interests between concerns suggested to the Board the possibility that the present financial state of some of the 23 companies might be attributable in some degree to undue siphoning-off of profits by controlling interests, or to the use of nominal pricing of commodities transferred from one concern to another. But, while the limitations of the information available precluded the Board from reaching definite conclusions, tests have revealed no indications of irregularities or abnormalities in this regard.

Notice was taken also of the possibility that undue increases in the remuneration of executives might have been a factor in profit reductions. Again, complete details were not available but such as were to hand showed, if anything, the reverse as being the case.

The following observations are made:

(1) In spite of the increase in demand from the Government in the period 1951-1952, actual results of these companies' operations as shown by Schedule V, were: in 1951 and 1952, losses (before taxes) of \$1,955,373 and \$1,140,353, respectively.

Although production of all wool-cloth mills showed a slight decline in 1951, the value of sales of these companies was approximately \$14 million higher than in 1950, partly due, no doubt, to military contracts, and partly to the fact that the price of cloth lagged behind the fall in the price of wool after March 1951. The increase in inventory values in 1951 of \$2.9 million indicates heavy buying of raw materials after the close of the 1950 fiscal year, but is also due, in part, to the increase in the volume of finished goods on hand. (See Appendix, Table XII.)

The effect of the fall in prices continued to be felt by cloth manufacturers in 1952. From their statements, it appears that some companies took the full loss in the value of their inventories in 1952 rather than in 1951. The decline of about \$9,000,000 in inventory values in 1952, therefore, would include these losses. But, as wool prices were at about the same level at the end of 1952 as at the beginning, this fall in inventory values also probably indicates a decrease in the volume of goods on hand at the end of the year. There is little doubt that manufacturers had sold as much of their inventory as possible during this year. There were, however, other factors in 1952 causing losses. The demand for cloth was lower in 1952 than in any previous post-war year. Despite military orders, the total production of wool cloth fell in 1952 by 3 million yards. In addition, it was in the latter part of 1952 that Canadian mills faced the most severe competition from British exporters that they had experienced in the post-war years. All these factors contributed to the losses in 1952.

In the following year, these companies incurred losses amounting to \$1,590,445, (see Schedule V). Notwithstanding the curtailment of military orders, the mills produced in 1953 approximately the same yardage as in 1952, but practically all this cloth was for the civilian market. The amount of cloth containing wool made by the synthetic industry declined from 2.2 million yards to 845,000 yards in this year, and the production by mills other than wool-cloth mills also declined. This meant that the increase in orders for civilian cloth had practically all been supplied by the wool-cloth mills.

However, in spite of the steadiness of demand for their cloth, the Canadian mills incurred a loss of \$1.6 million in 1953, after allowing nearly \$300,000 less for depreciation than in 1952, (see Schedule V). Employment in the first quarter of 1953, as reported by the Bureau, was 7,567. By the last quarter it had declined to 6,100. This would suggest that during that year, mills, in spite of a fairly steady level of production, reduced their payrolls with perhaps an increase in work loads. Taking all these factors into consideration there seems little doubt that the chief reason for the losses incurred in 1953 was the fact, that to secure orders, the mills had to sell a substantial part of their output at unsatisfactory prices. In many cases these sales were reported as having been made at prices to meet those quoted by their British competitors.

(2) That a substantial portion of the industry appears to be in serious difficulty is evidenced by the constancy of the overall rate of absorption of capital resources which, as shown in Schedule IV, was as follows:

Total Surplus in 1950.....	\$ 11,887,761
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Decrease in:

1951 compared with 1950.....	\$ 3,498,498
1952 compared with 1950.....	\$ 4,674,003
1953 compared with 1950.....	\$ 6,248,959

In those cases where capital resources were precarious at the outset and the companies had been suffering repeated losses, i.e., Group IIIb, there are instances where the financial statements already indicate a state of virtual insolvency. One of these companies has already been sold and its production switched to blankets and a small proportion of coarse cloths; another company is said to have received orders from its controlling interest to cease operations.

The Board has not been able to secure interim statements from all companies of their operations in 1954, but, of the 14 interim statements received, only 3 companies show profits during 1954. These results, for what they may be worth, are shown in the following table:

Comparison of Operating Results for 1953 Fiscal Year with the Interim Results for 1954 for 14 Companies

Number of months operations reported for 1954	Interim Figures 1954	Fiscal Year 1953
	\$	\$
6.....	-29,596	84,890
9.....	2,095	-50,485
6.....	-15,060	-27,288
9 (3 mos. 1953)	-8,436	-328,819
6 (1 mo. 1953)	1,698	23,401
9.....	-76,717	6,109
6 (3 mos. 1953)	-160,810	-123,147
6 (3 mos. 1953)	-258,168	-87,245
9 (3 mos. 1953)	-36,586	-1,259
9.....	14,443	-8,269
5.....	-279,247	61,530
6.....	-108,342	-21,645
6.....	-250,367	-313,010
6.....	-3,571	-13,571
	-1,208,664	-789,419

The market in 1954 has changed from that of 1953. Demand for wool cloth is again falling. In the first nine months, the market appears to have absorbed approximately 22 million yards of wool cloth as compared with nearly 29 million yards for the same nine months in 1953. To date, the British exporter and the Canadian producer, together, appear to be sharing the decrease in demand, but the combination of fewer sales and low prices is leading to further deterioration in the financial position of the Canadian wool cloth industry.

In the closing months of 1954 there were signs of increasing activity in the Canadian mills. At the hearings, clothiers had predicted that the decrease in orders received by British exporters would result in more orders to Canadian mills. Canadian manufacturers continued to the end of 1954 to report, however, that much of the business they were accepting was at unprofitable prices.

C—Unemployment:

The Board has estimated that approximately 1,700 wool-cloth workers lost their jobs between the second quarter of 1953, and that of 1954. As about 2,800 workers had been laid off in this industry between 1949 and the second quarter of 1953, it might have been expected that those more recently dismissed would have greater difficulty in finding new jobs, as many of the mills are in small towns where there are usually few other industries to offer alternative employment.

From the cursory survey that the Board has been able to make, it is not possible to tell exactly how many wool-cloth workers are now unemployed. In recent weeks, some mills have become more active and have taken on more workers. Moreover, in this industry it is usual for a fairly high proportion of women workers to work less than 32 hours per week; often these are married women who in this way supplement the family income. When they lose their jobs, some go back to their homes and wait till another opportunity for work occurs. Similarly, too, young girls from adjacent farms work in wool-cloth mills, and when there is no work they return to their parents' home and help there. These factors make it difficult to estimate the actual unemployment resulting from the loss of employment in wool-cloth mills.

The mayors of two towns, Huntingdon and Almonte, gave evidence to the Board that the closing of one mill and the reduction in employment in other wool-cloth factories in these towns had created problems for the municipal authorities as well as for the workers.

Huntingdon is a wool textile town set in the midst of rich dairying country. There are no other industries, and, according to the mayor, 690 of its total labour force of about 1,000 are usually employed in the wool textile factories; in September 1954, 325 of these workers were unemployed, and about half of those employed were on part time. Some of these unemployed workers had gone back to the farms; others were living on their unemployment insurance benefits; others were being helped by private charity. The effects of this loss of employment in the town had been drastic, according to the mayor, and Huntingdon was in danger if conditions in the wool textile industry did not improve.

Similarly with Almonte, according to the mayor. There, one mill had closed and the two other mills, instead of employing about 275 workers, were, in September, employing only about 50. The only other industry of any size is a dairy employing some 60 people. Those textile workers who had lost their jobs had to live on their unemployment insurance, return to the farms, or seek work elsewhere.

The Canadian industry submitted to the Board a list of some 31 mills and 8 burling and mending plants which had been closed since January 1, 1952. With the assistance of officials of the Unemployment Insurance Commission and the Bureau of Statistics, the Board has examined the records of employment of these plants and a detailed tabulated report will be found in the Appendix.

Taking the peak of employment of each of these mills within the last few years, it would seem that about 1,450 of the wool workers lost their jobs through the closing of these plants. About half of these were women, though in some areas, where burling and mending plants closed, practically all the employees were women. The Board has examined the reports of the Unemployment Insurance Commission for the areas where these mills were situated, and by November, 1954, most of these workers appear to have found other employment or to have withdrawn from the labour market. The Board has also examined the reports of other areas where there are wool mills which are still working, but which have been forced to reduce the size of their labour force considerably in recent years. Unfortunately, the returns of the Unemployment Insurance Commission do not distinguish between wool, cotton and rayon primary textile workers, so only in those areas where there are no cotton or rayon mills is it possible to tell how many of the unemployed primary textile workers are wool textile workers.

The following are areas where mills have closed and where there were primary textile workers still unemployed in November, 1954:

Valleyfield, (Huntingdon), Quebec: Unemployed primary textile workers (cotton, rayon, wool, etc.) registered: 82 men, 112 women—194.

In this area, two wool establishments closed—a woollen cloth mill at Huntingdon, employing 44 workers, and a finishing and burling establishment at St. Chrysostome, employing 19 workers. In addition, other wool cloth

plants at Huntingdon have considerably reduced the number of their workers. As reported above, in September 1954 there were approximately 325 wool workers unemployed in Huntingdon alone. There has been some re-employment of wool workers in this town, but judging from the Unemployment Insurance Commission report for the area, it would appear that a number of these workers have either withdrawn from the labour market or have found other employment.

Granby, Quebec: Unemployed primary textile workers registered: 162 men, 92 women—254.

One small wool-cloth mill employing 40 workers, closed in Granby in July, 1952. Some of these may still be seeking work.

Owen Sound, Ontario: Unemployed primary textile workers registered: 7 men, 30 women—37.

In this area one mill (employing 29 workers), and five burling and mending plants (employing 6 men and 123 women) have been closed since November, 1951. Of the 158 workers who lost their jobs, only 37 are apparently still seeking work.

Renfrew, Ontario: Unemployed primary textile workers registered: 43 men, 10 women—53.

In this area, two old established mills previously employing 256 men and 97 women, were closed in December, 1953. Most of these workers have now obtained other employment.

Walkerton, Ontario: Unemployed primary textile workers registered: 19 men, 33 women—52.

In this area, one burling and mending plant employing one man and 16 women closed in January, 1953. These workers may still be looking for employment.

The other areas where wool textile workers may be among those primary textile workers seeking jobs are:

Galt, Ontario: Unemployed primary textile workers registered: 24 men, 42 women—66.

No woollen mills have closed in this area, but mills operating at Hespeler have reduced the number of their workers by considerably more than the number of those still seeking jobs.

Brantford, Ontario: Unemployed primary textile workers registered: 36 men, 38 women—74.

A large mill in this town has reduced the number of its workers by about 400. Only a small number of these textile workers appear to be having difficulty in securing new jobs.

Trenton, Ontario: Unemployed primary textile workers registered: 1 man, 14 women—15.

Evidence was given to the Board that the wool-cloth mill in this town had had to lay off some 180 workers. Most of these appear to have found employment.

Sherbrooke, Quebec: Unemployed primary textile workers registered: 102 men, 113 women—215.

A large wool-cloth mill in this general textile area reduced its working force by 110 in the past year. Some of these workers may have been re-employed by this mill in recent months. Others may still be included in the above figure of unemployed.

In the metropolitan areas, the unemployment problem differs from that of rural areas, as many other avenues of employment are available in the cities. In the metropolitan area of Toronto there were, in November, 1954, 260 unemployed primary textile workers. Three wool-cloth mills employing some 270 people have closed in Toronto, and other mills have reduced their labour force considerably. Some wool textile workers may still be seeking work in that city.

In Montreal, there are only a few small wool-cloth mills, and only one, employing 23 workers, has closed. It is not likely, therefore, that there are many wool textile workers among the 424 unemployed primary textile workers listed in November, 1954.

This list is by no means all inclusive, but it is included to show that in areas where one might expect to find severe unemployment among wool textile workers, the situation is not as serious as the loss of employment would indicate. This does not mean that many workers have not experienced considerable hardship. But in general, this hardship has been lessened by the fact that this industry has been contracting in a period when the economy, as a whole, has been expanding. It has, therefore, probably been easier for workers to find new jobs than would have been the case in a period of general depression.

PART II

A: CAUSES OF PRESENT DIFFICULTIES OF THE WOOL-CLOTH INDUSTRY:

In their representations to the Board, not only the applicants but a number of those opposing the application submitted various reasons for what most of those giving evidence seemed to recognize as the "present malaise" of the wool-cloth industry. Naturally, not all were agreed as to the relative importance of these causes. On one hand, the industry claimed that "the real cause of the disaster that has overtaken the industry lies in the devastating effect upon prices in Canada of competition from British producers and the increased volume of their shipments to Canada". (Evidence Vol. 9, p. 12). Those supporting the industry—and these included suppliers of material, technicians, labour unions and some municipal authorities—also maintained that imports of British cloth were the chief cause of the industry's present difficulties. On the other hand, opposing parties—especially the National Council of Clothing Manufacturers of Canada, the United Kingdom Wool Textile Delegation, the Canadian Federation of Agriculture, and the Interprovincial Farm Union Council of Canada, all of whom submitted exhaustive briefs—contended that, although there were additional contributing causes, the major cause of the plight of the industry was the declining total demand in Canada for wool-cloth. None of these latter groups considered that imports of British cloth, *per se*, had had deleterious effects on the Canadian wool-cloth industry.

In this section of the Report the Board examines what appear to be the most important of these varying submissions under the following headings:

1. Decline in the demand for cloth containing wool.
2. Competition from synthetic fabrics.
3. Expansion of production facilities in relation to the market.
4. Merchandising policy of the industry.
5. Competition from British wool-cloth exporters.

1. *Decline in the Demand for Cloth Containing Wool:*

In spite of the fact that the number of consumers increased and personal incomes continued to rise, the demand for wool-cloth in Canada fell steadily from 1948 to 1954, except for what seems to have been a temporary increase in 1953. Indications are that demand in 1954 will prove to have been slightly less than even that of 1952. Since 1948, the total Canadian market for wool-cloth has fallen by 16 million yards, or approximately 35 per cent. Even if the demand in 1948 be regarded as abnormal, and that of 1950, as suggested by the industry, be taken as a basis for comparison with the present market, the decline is still substantial—10 million yards, or about 26 per cent. A drop of this magnitude in its market in a short period must surely have serious effects on any industry, and when that industry has been accustomed to supplying about 68 per cent of the domestic market, as the Canadian wool-cloth industry had between 1946 and 1949, the consequences cannot be regarded as other than severe. It is the opinion of the Board that this decline in the demand for cloth containing wool has been perhaps the most important single factor contributing to the present state of the wool-cloth industry.

As has been shown earlier in this Report, the demand for the various types of wool fabric did not fall in the same proportion or at the same rate. The demand for woollen cloth fell more gradually than that for worsted fabrics, and by

1952 (the lowest reported point) was about 14 million yards, or 42 per cent, below the 1948 peak. In 1953, in spite of an increase in that year, demand was still 36 per cent lower than in 1948 and 9 per cent lower than in 1950. It will probably have reached a new post-war low in 1954. Statistics indicate that most of the blended fabrics, apart from those made by the synthetic industry, are now being made by the woollen section of the wool-cloth industry and if the demand for these fabrics (see Appendix E, Table IV) be added to that for all woollen cloth, the total demand in 1953 was approximately 25 per cent below that of 1948 and 9 per cent lower than in 1950.

The demand for worsted cloth was fairly steady until 1950. It dropped sharply by 4 million yards, or 35 per cent, between 1950 and 1952. In 1953, demand returned to the high level of post-war years, though present indications are that it may have fallen again in 1954. These movements suggest that the woollen mills of the Canadian wool-cloth industry probably have suffered more than the worsted mills from the downward trend of the total market in recent years; also, that other factors may have been of more consequence in causing the difficulties of worsted manufacturers.

2. *Competition from Synthetic Fabrics:*

Some of those opposing the application of the wool-cloth industry stressed the importance of the effect on wool-cloth mills of the development by the domestic synthetic industry of certain fabrics which are replacing wool-cloth. The National Council of Clothing Manufacturers of Canada, representing the men's clothing industry emphasized, in particular, this factor as a cause of the wool-cloth industry's present distress, contending that "synthetic fabrics, especially those of the 'wool-type', constitute the real 'threat' to the wool-cloth industry, and (that) the apparent drop in consumption of Canadian woollens can be partly explained by the upward surge in the production and the use of synthetic suitings and gabardines produced in Canada and the United States by rayon mills". (Evidence, Vol. 5, p. 1935). While admitting that, in certain areas, fabrics made of pure synthetic fibres have replaced wool-cloths, the Canadian wool-cloth industry maintained that the invasion of these fabrics into the wool-cloth field has not been significant, and that in some areas synthetics had to a large extent added to the total demand for all fabrics.

It is not possible from the statistics available to measure accurately the extent to which synthetic fabrics have replaced wool fabrics. Nor is it possible for the Board, from the evidence received, to judge the general effect of this substitution on the wool-cloth industry. But three observations can be made on developments to date:

(a) The competition of some synthetic fabrics has already impinged severely on certain sections of the wool-cloth industry, though more generally on the woollen than on the worsted section. Makers of heavy woollen cloths are facing the competition of synthetic windbreakers, snow suits, station-wagon coats and some sportswear. Woollen automobile upholstery has been replaced by synthetics. Manufacturers of light woollen dress materials are meeting competition from acetate and other synthetic fabrics. In the worsted field, competition appears to be limited chiefly to the cheap suits and pants trade (See Appendix E, Table XX). Wholly synthetic fabrics do not appear to have had much impact on the men's fine-suit or jacket trade. There are, however, indications that tropical worsteds are meeting competition from some of the newer fibres. As most of the tropical worsteds used in Canada are imported cloths, this competition may not have a serious effect on the Canadian industry.

(b) When prices of wool rose in 1950, Canadian mills increased their production of blended cloths, using synthetic fibres with wool. Mills attempted to produce cloths which would be cheaper than the more expensive wool cloths. These relatively cheaper cloths may have gained a firm hold on the market,

which, with the recent introduction of fibres particularly suitable for blending, may be further expanded. Some mills may have been slow in developing acceptable blends, but it may well be that other manufacturers are challenging the competition from wholly synthetic cloths, the added qualities of wool offsetting any disparity in price. Domestic wool-cloth mills seem to have little competition from imports in this field, but meet instead quite keen competition from the Canadian synthetic industry.

(c) The development of synthetic fabrics which can replace wool fabrics undoubtedly has made the demand for wool-cloth much more elastic. In earlier years, consumers, when prices rose, tended to wear their clothes longer. Now the synthetic industry offers them substitutes which not only resemble wool but which often are cheaper than wool.

The events of 1950-52 illustrate this elasticity in demand. According to official estimates, personal income increased from \$13.4 billion in 1950 to \$17.1 billion in 1952, about 28%; Canadians spent in 1952, \$1.82 billion on clothing and personal furnishings as against \$1.57 billion in 1950, an increase of 16%. As clothing prices had risen about 12% in these years, consumers on the whole, apparently bought slightly more clothes in 1952 than in 1950. Prices of wool clothing, however, had risen considerably more in those years than clothing prices in general and the output of wool clothing fell, while that of most other clothing increased. Thus it would seem that consumers bought more clothes made of fabrics other than wool. That is to say: in spite of higher incomes, consumers resisted the relatively high-priced wool clothes and turned to clothing made from cheaper fabrics.

The wool-cloth industry in its representations to the Board pointed out that "there is nothing new in inter-fibre competition in the textile industry. For many years, wool, cotton, silk and other fibres were constantly competing, and displacing each other in various fields". (Evidence Vol. 9, page 32). While this is true, we suggest that, since some modern synthetic cloths closely resemble wool-cloth, the competition they are providing may prove to be much more severe than that of natural fibres. As new fibres and new blends of fibres are developed, there is little doubt that the demand for wool-cloth will become even more sensitive to price changes. This may have even more restrictive effects on the raw wool producer than on the wool-cloth manufacturer, but it surely indicates that in future, if wool prices rise to the extent that wool-cloth tends to become too dear relative to other cloths, and especially to synthetics, manufacturers will face increasing difficulty in holding their market for wool-cloth. Wool prices like those of all natural fibres are more subject to fluctuations than man-made fibres. Since 1949-50, when the synthetic industry began to produce large quantities of cloth, prices of these cloths have shown a much greater stability than wool prices, and since 1951 a definite downward movement. (See Appendix E, Table XVII). In the opinion of clothiers, this stability of prices gives a decided advantage to synthetic fabrics as compared with wool fabrics. Moreover, as a result of these differences in price movements the relative price factor will be constantly changing, thereby making it more difficult for wool-cloth manufacturers, Canadian or foreign, to estimate future demand for their cloth.

3. Expansion in Production Facilities in Relation to the Market:

In the late thirties, the market for wool-cloth, by and large, was not such as would have induced manufacturers to make large outlays on capital equipment. During most of the war years, it was practically impossible to buy new textile machinery, and most wool-cloth mills carried out a very heavy wartime production program with equipment which was fairly old. Consequently, at the end of the war, even though the main textile machines are extremely durable, much of the equipment in those mills must have been in need of replacement. When consumers, in the immediate post-war years, showed a willingness to buy all the cloth mills could produce, manufacturers were, without doubt, optimistic

about future market developments, and used some of the reserves they had accumulated during the war years to re-equip and, in some cases, to expand their plants. At this time new textile machinery appeared on the market, and some which permitted substantial reduction in labour costs was particularly appealing to Canadian manufacturers.

As we have already seen, worsted manufacturers in these years had a special problem—that of securing adequate supplies of worsted yarns from the United Kingdom. Consequently, most of them installed their own spinning equipment.

As a result of all these factors, wool-cloth manufacturers spent, from 1946 to 1949, \$3.25 million on construction of new plant and \$10 million on equipment, and a further \$8.6 million on repairs and maintenance. From 1950 to the end of 1953, largely because of the Korean war, total capital expenditure was approximately \$6.3 million; this, along with \$6.4 million on repairs and maintenance, made a total of nearly \$20 million on capital outlay and \$15 million on maintenance of plant and equipment, between the end of World War II and 1953. (See Appendix E, Table XI).

This outlay of nearly \$35 million on plant and maintenance has meant that some mills have been well equipped, and without undue strain on their finances. However, there are indications that capital expenditures by other manufacturers have not brought them the increase in returns from sales which they obviously anticipated when putting in new machinery. In those instances where this new equipment has not been used to capacity, the additional carrying charges have lessened the ability of these companies to compete successfully for business.

From the information available regarding equipment of mills and the types of cloth produced in recent years, it is not possible to judge accurately the capacity of the industry in relation to the market, but the fact that in 1947 the industry sold more than 30 million yards of cloth, while in recent years it has been able to sell only about 21.5 million yards per year (1951-53 average), suggests that the industry, at present, must have considerable surplus capacity.

In the weaving sheds of these mills there are at present about 400 looms fewer than in 1947, but this reduction seems to have brought little change in weaving capacity. So far as loomage is concerned, most wool-cloth manufacturers when re-equipping their mills, replaced manual with automatic looms, rather than increasing the number of looms, so that by 1952, 73 per cent of the looms for cloth were automatic as compared with 39 per cent at the end of the war. (See Appendix E, Table XIII). This change, because of the higher speed of modern looms, has probably offset the reduction in the number of looms. According to evidence submitted by the industry, the average speed of looms in 1953 was about 15 per cent higher than in 1939. But the resulting potential yardage has been reduced by the continuing demand for finer cloths, which is resulting in a continually rising number of picks to the inch. As a result, the industry estimated that it could now weave about 10 per cent more cloth of finer quality than in 1939.

But while there has probably been little change in weaving capacity in the industry itself, the total capacity to produce cloth containing wool has been increased by the entry of the synthetic industry into this field. From 1950-1952 this latter industry made almost 10 per cent of the total Canadian production of wool-cloth, and the appearance of this production in a shrinking market, quite apart from wholly synthetic cloths, has, doubtless, caused looms in wool-cloth mills to remain idle.

In woollen mills, while the number of spindles decreased by about 16,000 between 1947 and 1952, we cannot estimate the degree to which this reduction in spindles may have been offset by increase in the speed of the remaining spindles. Worsted spindles show an increase of 14,000 in the same period. As explained earlier, worsted mills in 1946-7 found it necessary to install their own spinning equipment. In their representations to the Board, the National

Council of Clothing Manufacturers (Evidence Vol. 5, p. 1520) stated that, by the end of the war, Canada was producing 75 per cent of her needs of worsted yarns for cloth. It should be noted that this production was only achieved by the rigid wartime controls which allocated most of the worsted yarn production of the yarn industry to the cloth industry, and which limited the counts and colours of worsted yarns. Before the war, the wool-cloth industry imported about half of its supply of yarn. The worsted yarns spun in the yarn industry were mostly sold for hand knitting and to the machine knitting industry. After controls were lifted, the yarn industry returned to supplying the knitting industry and the cloth industry became dependent on imported sources for a large portion of its supply. It is estimated that about 85 per cent of total requirements of worsted yarns are now produced in Canada.

This introduction of spindles meant that most of the worsted mills became vertical units in contrast with the British worsted mills which are mostly organized horizontally. The Board has no way of judging whether or not the worsted industry installed too many spindles in post-war years, but there is no doubt that the ability to produce most of their requirements of yarn has given worsted mills a greater flexibility to meet the rapidly changing market demands. The men's clothing industry contended, in its representations to the Board, that the war expansion of the wool-cloth industry has left that industry "with an unprecedented capacity but which has not yet been adapted to produce enough of the types of cloth, namely, fine worsteds, now required by the wool clothing industry to satisfy consumer demand." (Evidence Vol. 5, p. 1517). According to evidence given by the clothiers, the larger volume of men's suits was made to sell at prices between \$60 and \$90, made from cloth costing between \$4.00 and \$5.00 per yard; further, that only a small proportion of Canadian-made cloth sells for more than \$4.25 per yard. It may be significant that some worsted manufacturers who have concentrated their production on finer worsteds appear to have maintained a fairly steady volume of sales in recent years—but even these manufacturers now report difficulty in meeting landed prices of British fabrics.

4. Styling and Merchandising Policy of the Industry:

In their brief to the Board, representatives of the men's clothing trade levelled a great deal of criticism at the wool-cloth industry, contending that, with few exceptions, manufacturers in recent years have not changed styles rapidly enough to meet changes in demand. The post-Korean years were, as one clothier expressed it, "very hectic and dislocating years", (Evidence Vol. 5, p. 1681); since that time, the wool-cloth market, probably on account of the increasing challenge of the synthetic market, has become increasingly sensitive to changes in style as well as to changes in price.

When wool clothing became too dear, relative to other clothing, in 1950-51, consumers reduced their purchases of wool clothes, particularly of men's clothing. To quote again from the same evidence: "we (the clothiers) did not read the market right at all; we neither read it for prices, nor for patterns nor for colours; changes moved too fast for us and we therefore had a lot of the wrong kind of stuff in stock." (ibid) When British salesmen, in the spring of 1952, offered a "pepped-up" range of cloths in new colours and designs, at the lowest price since 1949, clothiers thought they had found one means of reviving consumers' interest in wool clothes, and they ordered heavily. No doubt, some Canadian wool-cloth manufacturers became more quickly aware of this sudden change in style than others. On the other hand, some woollen mills were heavily engaged in production of military cloths, and perhaps were not in close contact with latest developments in civilian demand. It is not improbable that some, having become accustomed to post-war prosperity, had regarded these developments as temporary disturbances in the market and had not yet realized how highly competitive that market had become. Whatever the position may have

been at that time, it would certainly be surprising if events of subsequent years have not impressed on Canadian manufacturers the importance of producing the kinds of fabric demanded by the clothing trade. Indeed, from the evidence of individual clothiers at the hearings, the Board would judge that there has already been considerable improvement in the quality and style of many lines of Canadian production.

The merchandising policy of the industry also came in for considerable criticism—and here, clothiers were joined by consumers. In its brief, the Canadian Association of Consumers contended that the wool-cloth industry could have done much in the prosperous post-war years to make Canadian consumers aware of the quality and good value of Canadian wool goods. "Because the need of doing this, so as to survive, was not immediately present, the industry failed to make the promotional campaign . . . Canadian consumers would be more interested in buying Canada woollens . . . if they were in a better position to know they were buying Canadian products, and if acceptance of our national products had been built up as carefully in the public mind as acceptance of foreign woollen products." (Evidence Vol. 6, p. 1913). Consumers urged the wool industry to create prestige for its products through informative promotion, and particularly through informative labelling on materials and garments. Absence of such labels, it was stated, enables retailers to represent Canadian fabrics as "imported", which not only deceives consumers but actually strengthens their acceptance of imported goods. This misrepresentation by clothiers of Canadian fabrics as imported does not appear to be uncommon, particularly as regards the better-quality cloths. So long as certain Canadian manufacturers are willing to allow this practice to continue, they cannot expect to build up a high consumer acceptance for their fabrics as "Canadian".

Better labelling of blended cloths was also urged by consumers and by manufacturers of both cloth and clothing. In view of the large quantities of these cloths now sold in Canada, more information as to their fibre content should be made available, so that consumers may within reason identify what they are buying.

In general, it would seem that, until 1951, merchandising problems were minor ones for wool-cloth manufacturers. There is little doubt, however, that the keen competition from the synthetic industry and from the foreign exporter of wool-cloth in recent years has made the Canadian manufacturer realize that he now must ally quality production with an active sales policy if he is to hold his market.

5. Competition from British Wool Fabrics:

In its final submission to the Board, the wool-cloth industry maintained that "due to price competition from the United Kingdom industry . . . its continued existence is in jeopardy". (Evidence Vol. 9, p. 5.)

Before examining the effects of competition from British wool-cloth on the Canadian industry, some general observations on the British and the Canadian industry and their products may be of interest:

It is, perhaps, not generally realized that the British wool-textile industry is about twelve times larger than the Canadian. In 1953, the United Kingdom industry produced about 275 million yards of wool-cloth, while Canadian production was only about 22 million yards; and, although available statistics do not permit accurate comparison, employment in the two industries shows about the same relationship. Most of the British production is sold on the home market; normally, only between 25 and 30 per cent is exported to other countries. For many years, Canada has been the United Kingdom's most important single market for these exports, though, in 1952, the United Kingdom sold more wool-cloth to the United States than to Canada. In 1951, Canada bought 14 per cent of all British wool-cloth exports; by 1953, this had increased to 22 per cent, which was about 5 per cent of total British production in that year. The magni-

tude of the British industry and the fact that its yarns and cloths are sold in many different countries has led to a high degree of specialization—some individual firms concentrating on a few counts of yarn or on a few lines of cloth. As one would expect, this specialization, combined with the traditional skills of the British textile workers, and a ready source of supply of wool waste (almost non-existent in Canada), tends to produce a high grade product and to permit economical production.

Canadian wool-cloth mills, in contrast with those in the United Kingdom, are much more widely scattered, though most are in South Western Ontario, the Ottawa Valley, the Eastern Townships and the area south of Montreal. In England, more than 90 per cent of the worsted section and two-thirds of the woollen section of the industry are located in the West Riding of Yorkshire. British worsted mills are for the most part organized on a horizontal basis: that is, the manufacture of tops or yarns or cloths is as a general rule undertaken by individual and separate firms. Because of the concentration of the industry in a small area, this type of organization gives worsted weavers a high degree of flexibility in their production. In contrast, worsted mills in Canada are much more vertically organized. In Canada, most mills undertake at least two operations, i.e.—spinning most of their own yarns as well as weaving the cloth; in some cases, dyeing the tops and also dyeing and finishing the cloth. Many of these mills are, of course, now more flexible than they were when a much larger proportion of the total requirement of yarns had to be imported from England.

British and Canadian wool-cloths:

While the Canadian wool-cloth industry attempts to compete with the British in almost the whole range of cloths sold on the Canadian market, there are certain special lines which the Canadian industry does not make. These are chiefly for the so-called “carriage trade”—e.g., some fine Huddersfield worsteds woven in a super-80's yarn, some Scottish overcoatings, and special tweeds, such as Harris tweeds, whose value largely depends on the fact that they are traditional cloths made in limited areas of the United Kingdom.

From the evidence given by representatives of the men's fine-clothing industry, who purchase and fabricate most of the worsteds and some of the woollens used in this country, it would appear that the quality of most Canadian wool-cloths, and particularly of worsteds, has shown a great improvement in recent years, and that, by and large, these cloths are now more comparable with British cloths than in pre-war years. This is substantiated by the general pattern of buying which these Canadian clothiers, judging from their evidence, seem to have followed in recent years. Apart from a small segment of the trade which traditionally buys most of its requirements of cloth from British mills, clothiers, when the outlook has been uncertain, have tended to stay “close to the market”—that is, to buy more from Canadian mills, whose deliveries have usually been shorter and from which they could order small quantities followed if necessary, by re-orders. Even if there has been a disparity in price in favour of the imported cloth, clothiers, when uncertain, appear to have preferred to play safe. On the other hand, when the outlook has been fairly optimistic, clothiers seem to have turned more of their purchases to British exporters. This general pattern has been, of course, modified from time to time, by various factors. When the market has favoured fancy cloths, as in 1953, clothiers have been attracted to the British mills, which offer a greater variety of designs, colours and fabrics. At such a time, British sources have a further advantage for Canadian clothiers: In a “fancy” market, exclusiveness is an important factor, and because they sell their cloths in many different markets, British exporters can give to the purchaser exclusive rights to a fancy cloth even for a small order, whereas the Canadian mill, with its limited market, can do this only for large orders. When the market leans to “plains”, as has more recently been the case, this exclusiveness is of less importance.

Clothiers claimed that yet another factor limiting the movement of their purchases is the fact that Canadian manufacturers do not make sufficient fine worsteds; that, for cloths valued at more than \$4.25 per yard (August, 1954, prices) clothiers must buy in the United Kingdom. Such cloths, however, are a small proportion of the market; representatives of the cloth industry estimated that only about 30 per cent of worsteds from the United Kingdom sold at prices higher than \$4.25, and that only a small proportion of Canadian cloths falls into that category. The bulk of worsteds sold on this market, in 1953-54, ranged in price between \$3.25 and \$4.25 per yard, with British and Canadian cloths most keenly competing in the range between \$3.75 and \$4.10 per yard. Below \$3.75, domestic cloths predominated; over \$4.10, the supply was largely British.

British and Canadian Competition:

The following table recapitulates the changes in supply in the wool-cloth market, as already shown in PART I:

Apparent Canadian Market for Wool Cloth

Million yards

Year	Canadian Production	Cumulative Increase or Decrease Since 1948	Imports from United Kingdom	Cumulative Increase or Decrease Since 1948	Total Supply	Cumulative Increase or Decrease Since 1948
1946.....	29.4	—	10.7	—	40.6	—
1947.....	30.6	—	10.3	—	43.8	—
1948.....	30.0	—	16.1	—	47.5	—
1949.....	29.3	-0.7	13.5	-2.6	44.0	-3.5
1950.....	27.9	-2.1	12.2	-3.9	41.0	-6.5
1951.....	24.1	-5.9	11.0	-5.1	36.5	-11.0
1952.....	18.8	-11.2	11.7	-4.4	31.2	-16.3
1953.....	21.6	-8.4	15.1	-1.0	37.7	-9.8
1954 (est.).....	18.5	-11.5	11.5	-4.6	31.0	-16.5

The total decline in the market from 1948 to 1954 is estimated to have been about 16 million yards, with Canadian production falling by 11.5 million yards and British imports by 4.6 million yards. Statistics of the supplies of worsteds, woollens, and blends (separately) for 1954 are not yet available. By the end of 1953, the consumption of woollen cloth had fallen by 10 million yards; of that, Canadian-made cloth declined by 7.7 million yards and British imports by 2.6 million yards. (See Appendix E—Table III.) Supplies from other countries increased slightly in these years.

Although more worsteds were sold in 1953 than in 1948, Canadian production in the former year was about half a million yards less than in the latter. The supply of British worsteds, however, had risen by 1.3 million yards, so that British exporters supplied 52 per cent of the worsted market in 1953, as compared with 42 per cent in 1948. In these years, the supply of worsteds from other countries had dropped by half a million yards; hence, British gains had not all been at the expense of Canadian producers. (See Appendix E—Table II.)

In the same years, British exporters increased their sales of blends by about 700,000 yards, supplying 33 per cent of the market in 1953. A large proportion of these mixtures was, probably, of wool and cotton. Canadian production of these mixtures decreased by over a million yards, although, due to the increase in blends of wool and other fibres, total Canadian production of blends increased by 900,000 yards. (See Appendix E—Table IV.)

These statistics indicate that, between 1948 and 1953, in all sections of the market, British exporters have gained ground: only to a small extent (7 per cent) in blends, slightly more in woollens (10 per cent), and most of all in all wool worsteds (23 per cent). This analysis suggests that British competition has been less severe in woollens than in worsteds, and it confirms the Board's deduction

that much of the present difficulties of woollen manufacturers has been due to the shrinkage in demand for woollen cloths. Manufacturers report that the severest competition in this field comes in cheap woollens, in wool and cotton mixtures, and in very fine woollens (only the last of these cloths is affected by the 50 cent maximum). In the medium-priced range of woollens, Canadian manufacturers appear confident that, through better styling, they can hold their own in the market. According to some of these manufacturers, British manufacturers of cheap woollens and woollen-mixtures have a decided advantage over Canadian in the wide range of rags and cuttings which are available in England from both the home and continental markets. Often, too, British machinery is more suitable for manipulating these materials. These two factors, together with lower British wage rates, make it difficult for Canadians to meet their competition in this field.

We turn now to examine some of the reasons why, in the opinion of Canadian manufacturers, it is difficult for them to meet British competition:

1. *Reduction in the Tariff on British Fabrics:*

In their first submission to the Board, the Canadian wool-cloth manufacturers stated that their industry is in jeopardy, and that "the major cause of the damage to the Canadian industry is the progressive effective reduction in the tariff on British fabrics to the point where it is totally inadequate to bridge the widened gap between British and Canadian costs". (Evidence, Vol. I, p. 65.) The following table shows the fluctuations in the *effective* rate of duty on British fabrics entering Canada under Tariff Item 554b:

British Preferential Tariff—Item 554b—Actual Duty as Percentage of Value for Duty

	Total Imports	Flannels	Overcoatings	Tweeds	Worsteds and Serges
	%	%	%	%	%
1935.....	39.2	46.2	41.8	41.6	37.4
1937.....	28.6	32.4	29.3	30.9	27.9
1946.....	18.6	19.4	21.0	21.9	18.1
1947.....	17.3	17.8	18.9	20.6	16.7
1948.....	14.7	15.8	17.8	19.4	13.9
1949.....	13.5	16.8	16.9	19.2	12.7
1950.....	15.4	17.5	20.1	20.8	14.5
1951.....	12.0	14.8	14.1	15.9	11.4
1952.....	14.3	18.7	18.5	19.4	13.4
1953.....	14.9	18.1	17.9	19.6	14.0
1954 (10 mos.).....	14.4	17.0	17.5	18.8	13.4
(preliminary)					

The present operative British Preferential rate on imports entering under item 554b (20% plus 12 cents per pound with a maximum duty of 50 cents per pound, less a direct-shipment discount of 10%) was set in 1948 under the General Agreement on Tariffs and Trade. In that year, the effective rate was 14.7 per cent, indicating that the 50 cent maximum had become the governing rate on a large proportion of imports of British wool-cloth—in effect, a specific duty.

It is significant that the effective average rate of duty in 1954 was virtually the same as in 1948. The rate on each type of cloth fell to its lowest point in 1951, when prices of imported cloths were at their peak (see Appendix E—Table XVIII). Since that time prices of these cloths have fallen and effective rates have risen. In other words, the comparative stability of the effective rate of duty since 1948 indicates that such average effective rate, *per se*, cannot seriously be considered a cause of the present difficulties of the industry. It should, however, be noted that the effective rate of duty on worsteds, which cloths are meeting the strongest British competition, is lower than that on other cloths.

2. Canadian and British Costs and Prices:

The fact that the effective rate of duty, *per se*, cannot be considered a *cause* of the industry's present malaise, does not mean that the changed relationship since 1948 in the cost of production of Canadian and British manufactures has not made it more difficult for Canadian producers to meet British competition. The Board has not had the time nor the opportunity to make a detailed comparison of relative costs of the two industries, but available statistics show some of the changes which have occurred in conversion costs. The price of the raw material is determined on the world market; hence, by and large, the cost to the two industries is the same.

In its investigation in 1935, the Tariff Board concluded that the principal reason why production costs of wool textiles were higher in Canada than in Great Britain was the difference in the money costs of labour. At that time, the Board estimated the cost of labour in Canada in woollen manufacturing was greater than that in Great Britain by between 55 and 60 per cent; in worsted manufacturing (not including combing and spinning), by between 66 and 75 per cent; and in worsted spinning, by between 76 and 78 per cent. Wages are the most important item of a wool-cloth manufacturer's conversion costs. According to the United Kingdom Working Party Report on Wool (1947), wages in woollen manufacturing are about 57 per cent of total conversion costs and in worsted manufacturing (excluding finishing) about 54 per cent.

The following table shows the changes in the average hourly earnings of British and Canadian wool textile workers since 1935:

Average Hourly Earnings

	United Kingdom		Canada	
	pence	Index 1949 = 100	cents	Index 1949 = 100
1935.....	9.3	33	29.7	38
1948.....	26.0	92	71.8	91
1949.....	28.4	100	79.2	100
1950.....	29.1	102	82.4	104
1951.....	32.4	114	91.1	115
1952.....	33.3	117	99.9	126
1953.....	35.4	125	102.1	129
1954 (April).....	36.7	129	104.3	132

Since 1935, earnings of wool textile workers in the United Kingdom have risen by 295 per cent, and those in Canada by 251 per cent. Most of this increase had taken place before 1949, by which date British earnings were 205 per cent above the pre-war level, and Canadian, 167 per cent. Since 1949, Canadian earnings have risen by 32 per cent, compared with 29 per cent in the United Kingdom. As British earnings have of late risen more than Canadian earnings, the difference in money costs of labour may be somewhat less now than in 1935, though Canadian costs are still probably about 50 per cent higher than those of British manufacturers. This fact—that the main item in their conversion costs is some 50 per cent higher than that of their British competitor—gives some indication of the difficulty which Canadian manufacturers must overcome to meet British competition. The more rapid increase in Canadian wages between 1948 and 1952, has again widened slightly the disparity in costs. This has put Canadian manufacturers again at a greater disadvantage, and has contributed to their difficulties in meeting British competition since 1952. Since that date, the British wage index has been rising faster than the Canadian. Representatives of the Canadian industry suggested that through increasing use of labour-saving machines, higher work loads and more efficient operations, they have been able to reduce their labour costs to offset, in part, the higher price which they pay for labour, but it is not possible to estimate how much they may have achieved in this respect.

Two additional factors, however, have probably increased the disparity between British and Canadian labour costs. Manufacturers must now make finer cloths than in pre-war years; indeed, finer than in the immediate post-war years. As finer cloths mean more labour, labour costs may well have become a higher proportion of total conversion costs, adding to the disadvantage of Canadian producers. This affects both woollen and worsted manufacturers, but the demand for finer cloths is, perhaps, greater in the worsted section.

Worsted manufacturers' ability to meet British costs has also probably been decreased by the installation of their own spinning plants. Granted, mills needed this equipment, but in this operation the cost of labour is probably more than 40 per cent of the conversion cost of spinning yarn which, in turn, is about 35 per cent of the conversion cost of worsted cloth. Taking all these factors into consideration—the changes in wage rates, increasing efficiency and increasing use of machines, production of finer cloths, and the introduction of the spinning process—the fact remains, that labour costs of the Canadian industry are substantially higher than those of the United Kingdom manufacturer.

The Canadian industry has claimed that devaluation of sterling has lessened its ability to meet British prices of wool-cloth. In the period immediately prior to devaluation (September, 1949), after much of the reorganization of her export industries had been completed, Great Britain, on account of her rising costs, experienced difficulty in selling some of her goods in world markets. Wool-cloth exports to Canada, which had shown their first post-war increase in 1948, fell again in 1949. By that time, the British wool textile industry was substantially back to the pre-war level, but prices of wool-cloth imported into Canada in 1949 were higher than in 1948, while prices of Canadian cloths were slightly lower.

The movements in domestic prices of Canadian and British cloths, in their respective markets, and of the unit values of cloths imported into Canada, are shown in the following table:

Worsteds and Serges

	Canadian Cloths (1)	Imported Cloths (2)	United Kingdom Domestic Prices (3)
1949.....	100	100	100
1950—March.....	94.2	85.9	120.4
September.....	118.6	85.9	176.3
1951—March.....	170.8	101.0	246.1
September.....	125.9	119.0	153.9
1952—March.....	105.8	126.6	118.4
September.....	99.9	80.4	127.0
1953—March.....	102.6	88.8	139.5
September.....	104.9	90.9	140.1
1954—March.....	102.6	101.0	134.9
September.....	100.8	90.4	131.6

SOURCES:

- (1) Domestic cloths, wholesale prices—Dominion Bureau of Statistics Index.
- (2) Unit values of worsteds and serges imported under item 3288, mostly British cloths—Dominion Bureau of Statistics Index.
- (3) United Kingdom domestic merino serge, wholesale prices—Commonwealth Economic Committee: Woollen and Worsted Trades' Federation (U.K.).

NOTE: In reading the Table, prices of imported cloths should be compared with Canadian domestic prices of the previous six months, to allow for delay in delivery of British cloths after prices had been quoted.

It is apparent from the above Table that, aside from the period representing the inflation in the prices of raw wool, the values at which Canadian mills have been forced to sell their production have varied little from those obtaining in 1949.

It is reasonable to suppose that rising wage-rates and shrinking production have increased the unit cost of Canadian cloth during this period. Consequently, Canadian mills appear to be having difficulty in sustaining satisfactory operations.

B: IMPLICATIONS FOR THE CANADIAN ECONOMY OF IMPORTS OF WOOL FABRICS FROM THE UNITED KINGDOM:

There are, it scarcely need be said, two aspects to the meaning of the word "implications", as the latter has been used in the letter from the Minister of Finance: what may be termed an outward aspect, the effect upon the export trade; and the inward aspect, the effect upon two domestic interests, the competing Canadian industry and the Canadian consumer.

The implications for the Canadian Wool-Cloth Industry have been discussed at length earlier in this Report. As for the consumer, the Report has referred repeatedly to the advantages that have accrued to him by way of the availability of a wide range of wool cloths, many of them of a type not produced in Canada; as regards price, his advantage is obvious, in that *price* is the gravamen of the case presented by the Industry.

The obvious implication for the Canadian export trade has been that these imports have earned dollars for the purchase of Canadian products. Traditionally, wool fabrics have been regarded by the United Kingdom as its most important dollar earner in Canada. In recent years, these earnings have averaged about \$33 million per annum or about 12 per cent of total earnings from sales of British goods to Canada. The importance of British wool fabric imports as an aid in maintaining exports at high levels was emphasized in representations received by the Board from a number of Canada's leading export industries. These included exporters of wheat and other farm and agricultural products, lumber, plywood and other wood products, wood pulp and canned fish. (See List, Appendix B.)

Canada's dependence on her export industries is indicated by the fact that, in 1953, the total value of goods sold to other countries amounted to just over \$4 billion, an amount equal to about 22 per cent of her national income. The United Kingdom is the second largest buyer of these exports and, in that year, purchased about 16 per cent of the total. While the United Kingdom is a relatively important market for a wide variety of Canadian goods, for some it is an indispensable outlet. Canadian exporters stressed the fact that the ability of the United Kingdom to buy Canadian goods is directly related to its ability to sell in the Canadian market, and they urged that no action should be taken which would restrict the purchasing of British cloths by Canadians.

While readily conceding in principle the importance to Canada of her export trade, the Canadian Wool-Cloth Industry expressed the opinion that a disproportionate amount of the dollar-earning value of imports from the United Kingdom was in the form of wool fabrics.

Since Canada is one of the world's chief trading nations, having a greater per capita trade than any other country, any factor which leads to an improvement in the trading position of the United Kingdom, the centre of the sterling area, has advantages for the Canadian economy.

SUMMARY

From the Board's inquiry into the state of the Wool-Cloth Industry, the following salient facts have emerged:

1. The *total demand* in Canada for cloth containing wool has fallen drastically since 1948. The effects of this decline in demand, *per se*, appear to have been more severe on the woollen than on the worsted section of the industry.

Among the factors contributing to this shrinkage of the market have been:

- (a) the rise in wool prices, 1950-51, causing, later, inventory losses to the Industry and, by the same token, initiating consumer resistance to increasing prices of wool clothing;
 - (b) the growing competition of the domestic synthetic industry, which competition seems to be impinging more on woollens than on worsteds;
 - (c) the competition of consumer durable goods for consumers' dollars, resulting in consumers spending a decreasing proportion of their income on clothes and personal furnishings.
2. As a result of the fall in demand, the Canadian market for cloth containing wool has become increasingly competitive; moreover, in recent years, British competition has been exerting a strong influence on the level of *prices* for wool cloths. This influence appears to be stronger in the worsted section of the market.
 3. Rising wage costs and shrinking production have combined to increase the *unit cost* of Canadian cloth in recent years. In spite of rising British costs this is still considerably higher than that of British exporters.
 4. The *effective rate of duty* on wool cloth has shown little variation since 1948, and, *per se*, cannot be considered a cause of the wool-cloth industry's present malaise.
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Three of the four facts above stated—the shrinkage in total demand, the downward trend of prices, and the rising costs of Canadian producers—when taken together, constitute the background to the picture that presented itself as the Board's inquiry progressed. They help to explain two further and resultant facts: that employment has fallen, and that some sections of the Industry have been and still are in financial distress. Equally, however, they suggest at least that some mills which are responding to the challenging situation will continue to hold their own; and that, among those which appear unable to do so, further mortalities would seem inevitable.

H. B. McKINNON,
F. J. LEDUC,
W. W. BUCHANAN.

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History of the Customs Tariff on Wool Fabrics entering Canada from the United Kingdom

1867—An Act imposing Duties of Customs, with the Tariff of Duties payable under it, (Chap. 7): *Rate of Duty*

This Act set the duty on non-enumerated goods (which included wool fabrics) at..... 15%

1870—An Act to amend the Acts respecting Customs and Inland Revenue; and to make certain provisions respecting Vessels navigating the Inland Waters of Canada above Montreal, (Chap. 9, Section 11):

11. All the duties of Customs imposed by this Act, or by the Act herein first above cited, as amended by the preceding sections of this Act, shall be and are hereby increased by the addition of five per cent. thereto, that is to say, by adding to the amount of the duty which would be payable on any article or goods under the said Act and the foregoing sections of this Act, five per cent. of such amount, such increase and addition being made as well to any ad valorem duty, as to any specific duty payable on such articles or goods.

By this Act the rate on wool fabrics became..... 15.75%

1879—An Act to alter the Duties of Customs and Excise, (Chap. 15, Schedule A):

Manufactures composed, wholly or in part, of wool, worsted, the hair of the alpaca, goat, or other like animals, viz.:—Shawls, blankets and flannels of every description; cloths, doeskins, cassimeres, tweeds, coatings, over coatings, cloakings, felt cloth of every description, not elsewhere specified; horse-collar cloth, yarn, knitting yarn, fingering yarn, worsted yarn under number 30; knitted goods, viz.:—Shirts, drawers and hosiery of every description.....

20%

and, per pound 7½ cents

1885—An Act to amend the several Acts relating to Duties of Customs and Excise, (Chap. 61, Section 2):

This Act introduced a new item covering wool fabrics, n.o.p.:

All fabrics composed wholly or in part of wool, worsted, the hair of the alpaca, goat or other like animals, not otherwise provided for..... 22½%

1887—An Act to amend the Act respecting the Duties of Customs, (Chap. 39):

Item 155

All fabrics composed wholly or in part of wool, worsted, the hair of the alpaca, goat, or other like animal, not otherwise provided for, on all such goods costing ten cents per yard and under..... 22½%

Item 156

Costing over ten and under fourteen cents..... 25%

Item 157

Costing fourteen cents and over..... 27½%

1890—An Act to amend the Acts respecting the Duties of Customs, (Chap. 20):

Item 209

Manufactures composed wholly or in part of wool, worsted, the hair of the alpaca, goat, or other like animals, viz.:—Blankets and flannels of every description; cloths, doeskins, cassimeres, tweeds, coatings, over coatings, felt cloth of every description, n.e.s.; horse-collar cloth; yarn, knitting yarn, fingering yarn, worsted yarn, knitted goods, viz.:—shirts and drawers, and hosiery, n.e.s..... 20%

and, per pound 10 cents

APPENDIX A—*Con.*

1894—An Act to consolidate and amend the Acts respecting the Duties of Customs, (Chap. 33):

Item 439

Fabrics and manufactures composed wholly or in part of wool, worsted, the hair of the alpaca, goat or other like animal, n.e.s.....	30%
(This referred to Nos. 155, 156 and 157 in the Act of 1887—see above)	

Item 440

Manufactures composed wholly or in part of wool, worsted, the hair of the alpaca, goat or other like animal, viz.:—blankets and flannels of every description, cloths, doeskins, cassimeres, tweeds, coatings, over coatings, and felt cloth, n.e.s.....	25%
	and, per pound 5 cents
(This referred to No. 209 in Act of 1890—see above)	

1897—An Act to consolidate and amend the Acts respecting the Duties of Customs, (Chap. 16):

The above Nos. 439 and 440 were repealed and the following item introduced:

Item 394

Fabrics, manufactures, wearing apparel and ready-made clothing, composed wholly or in part of wool, worsted, the hair of the alpaca, goat or other like animal, n.e.s.: blankets, bed-comforters, or counterpanes, flannels, cloths, doeskins, cassimeres, tweeds, coatings, overcoatings and felt cloth, n.e.s.....	35%
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The following Section 17 of this Act introduced the British Preferential Tariff:

17. When the customs tariff of any country admits the products of Canada on terms which, on the whole, are as favourable to Canada as the terms of the reciprocal tariff herein referred to are to the countries to which it may apply, articles which are the growth, produce, or manufacture of such country, when imported direct therefrom, may then be entered for duty, or taken out of warehouse for consumption in Canada, at the reduced rates of duty provided in the reciprocal tariff set forth in schedule D to this Act.

2. Any question arising as to the countries entitled to the benefits of the reciprocal tariff shall be decided by the Controller of Customs, subject to the authority of the Governor in Council.

3. The Governor in Council may extend the benefits of the reciprocal tariff to any country entitled thereto by virtue of a treaty with Her Majesty.

4. The Controller of Customs may make such regulations as are necessary for carrying out the intention of this section.

By Schedule D of this Act, the British Preferential Rate was fixed:

On and after the twenty-third of April, 1897, until the thirtieth day of June, 1898, inclusive, the reduction shall in every case be one-eighth of the duty mentioned in schedule A, and the duty to be levied, collected and paid shall be seven-eighths of the duty mentioned in schedule A.

As a result of this Act, the effective rate on British wool cloths was.....	30 $\frac{5}{8}$ %
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On and after the first day of July, 1898, the reduction shall in every case be one-fourth of the duty mentioned in schedule A, and the duty to be levied, collected and paid shall be three-fourths of the duty mentioned in Schedule A.

As a result of this Act, the effective rate on British wool cloths was.....	26 $\frac{1}{4}$ %
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1900—An Act to amend the Customs Tariff, 1897, (Chap. 15):

By schedule D of this Act the British Preferential rate was again fixed: The reduction shall be one-third of the duty mentioned in schedule A, and the duty to be levied, collected and paid shall be two-thirds of the duty mentioned in schedule A.

As a result of this Act, the effective rate on British wool cloths was.....	23 $\frac{1}{3}$ %
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1904—An Act to amend the Customs Tariff, 1897, (Chap. 11, Section 16):

Notwithstanding anything contained in schedule D to the said Act, the minimum duty of the following articles, when imported under the British Preferential Tariff, shall be as follows:

1904—(<i>Continued</i>)		<i>Rate of Duty</i>
Item 394a		
Fabrics, manufactures, (not including blankets, bed-comforters, counterpanes, or flannels), wearing apparel and ready-made clothing, composed wholly or in part of wool, worsted, the hair of the alpaca, goat or other like animal, n.e.s.; cloths, doeskins, cassimeres, tweeds, coatings, overcoatings and felt cloth, n.e.s.....		30%
1907—An Act respecting the Duties of Customs, (Chap. 11):		
This Act repealed the Customs Tariff of 1906 and introduced the following new tariff item for wool fabrics, but did not change the British Preferential rate.		
Item 567		
Fabrics, manufactures, wearing apparel and ready-made clothing, composed wholly or in part of wool, worsted, the hair of the goat, or other like animal, n.o.p.; cloths, doeskins, cassimeres, tweeds, coatings, overcoatings and felt cloth, n.o.p.....		<i>British Preferential Tariff</i> 30%
1922—An Act to amend the Customs Tariff, 1907, (Chap. 19):		
This Act lowered the British Preferential rate of duty:		
Item 567		
Fabrics, manufactures, wearing apparel and ready-made clothing composed wholly or in part of wool; worsted, the hair of the goat, or other like animal, n.o.p.; cloths, doeskins, cassimeres, tweeds, coatings, overcoatings and felt cloth, n.o.p.....		27½%
1923—An Act to amend the Customs Tariff, 1907, (Chap. 42):		
By this Act a discount of 10% was allowed under the British Preference on direct shipments to Canada. This discount still applies.		
1928—An Act to amend the Customs Tariff, (Chap. 17):		
This Act struck out tariff item 567 and replaced it with several new items, the most important being 554c:		
Item 554c		
Woven or knitted fabrics composed wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, n.o.p.		27½%
1930—An Act to amend the Customs Tariff, (Chap. 3):		
This Act struck out item 554c, replaced it with item 554b, and raised the rates of duty:		
Item 554b		
Woven fabrics, composed wholly or in part of yarns of wool or hair, n.o.p.....		27½%
and per pound		25 cents
1932—An Act to amend the Customs Tariff, (Chap. 6):		
This Act lowered the British Preferential rate of duty:		
Item 554b		
Woven fabrics, composed wholly or in part of yarns of wool or hair, n.o.p....		27½%
and per pound		18¾ cents
1935—An Act to amend the Customs Tariff, (Chap. 28):		
This Act lowered the British Preferential Tariff and added a proviso:		
Item 554b		
Woven fabrics composed wholly or in part of yarns of wool or hair, n.o.p.....		27½%
and per pound,		17 cents
Provided, however, that the sum of the specific and ad valorem duties imposed by this item on imports under the British Preferential Tariff shall not be in excess of 65 cents per pound.		

APPENDIX A—*Con.*

*British
Preferential
Tariff*

1937—An Act to amend the Customs Tariff, (Chap. 26):

This Act lowered the British Preferential Tariff and the maximum duty:

Item 554b

Woven fabrics, composed wholly or in part of yarns of wool or hair, n.o.p.....	22½%
and, per pound	12 cents

Provided, however, that the sum of the specific and ad valorem duties imposed by this item on imports under the British Preferential Tariff shall not be in excess of 50 cents per pound.

1940—The War Exchange Conservation Act 1940:

By amendment to the above Act (Chap. 29, effective April 30, 1941) goods enumerated in tariff item 554b when imported from the United Kingdom were accorded a discount of 25 per cent on the amount of duties of customs computed under the British Preferential Tariff. This provision remained in effect until midnight, December 31, 1947.

1948—Customs Memorandum, Series D, No. 48, Trade Agreement No. 28:

Under this Trade Agreement (Geneva) the British Preferential Tariff was lowered:

Item 554b

Woven fabrics, composed wholly or in part of yarns of wool or hair, n.o.p.....	20%
and, per pound	12 cents

Provided, however, that the sum of the specific and ad valorem duties shall not be in excess of..... 50 cents

List of Associations, Companies, etc., which submitted Evidence or made Representations

- Artex Woollens Limited, Toronto, Ont.
 British Columbia Lumber Manufacturers Association, Vancouver, B.C.
 British Columbia Loggers Association, Vancouver, B.C.
 British Textile Agents Association of Canada,
 Toronto Branch, Montreal Branch, Winnipeg Branch.
 British Wool Textile Delegation
 The Wool Textile Delegation
 The Export Group, National Wool Textile Executive
 The Bradford Chamber of Commerce Inc.
 The Huddersfield Chamber of Commerce Inc.
 The Leeds Chamber of Commerce Inc.
 Board of Trade, Renfrew, Ont.
 Board of Trade, Guelph, Ont.
 Board of Trade, Vancouver, B.C.
 Canadian Allied Textile Trades Association, Toronto, Ont.
 Canadian Association of Consumers, Ottawa, Ont.
 Canadian Federation of Agriculture, Ottawa, Ont.
 Canadian Importers & Traders Association, Toronto, Ont.
 Canadian Association of Textile Colourists and Chemists, Ontario Section, Burlington, Ont.
 Canadian Secondary Materials Association, Toronto, Ont.
 Canadian Woollen & Knit Goods Manufacturers Association, Toronto, Ont.
 Copley Noyes & Randall Ltd., Hamilton, Ont.
 Crown Zellerbach Canada Limited, Vancouver, B.C.
 Cook Clothing Co., Limited, Toronto, Ont.
 Dominion Wool Dealers Association, Toronto, Ont.
 Downs Coulter & Co. (Canada) Limited, Trenton, Ont.
 Fashion Craft Mfgs., Limited, Montreal, P.Q.
 Freedman Company, Ltd., Montreal, P.Q.
 Fisheries Association of British Columbia, Vancouver, B.C.
 Fairfield & Sons Ltd., Winnipeg, Man.
 Fédération Nationale Catholique du Textile Inc., Granby, P.Q.
 Greater Welland Chamber of Commerce, Welland, Ont.
 Hollins, Wm. & Company, Ltd., Toronto, Ont.
 Interprovincial Farm Union Council, Saskatoon, Sask.
 Kaye, H. & Co., Trenton, Ont.
 Leach Textiles Limited, Huntingdon, P.Q.
 MacMillan & Bloedel Limited, Vancouver, B.C.
 National Council of Clothing Manufacturers of Canada, Montreal, P.Q.
 Novelty Fabrics Inc., Montreal, P.Q.
 Needle Trade Association of British Columbia, Vancouver, B.C.
 Ontario Provincial Council of Women, Toronto, Ont.

APPENDIX B—*Con.*

Plywood Manufacturers Association of British Columbia, Vancouver, B.C.
Powell River Company, Ltd., Vancouver, B.C.

Retail Merchants Association of Canada, Winnipeg, Man.
Retail Merchants Association of Saskatchewan, Saskatoon, Sask.
Rubin Bros. (Clothiers) Limited, Montreal, P.Q.

Stroud, Riley & Co. Ltd., Bradford, England.
Scott Clothing Company, Limited, Montreal, P.Q.

Town of Almonte, Ont.
Town of Huntingdon, P.Q.
Town of Trenton, Ont.
Textile Technical Federation of Canada, Montreal, P.Q.
Textile Workers Union of America, Toronto, Ont.
Tip-Top Tailors Limited, Toronto, Ont.

Woollen Workers' Union, Hespeler, Ont.
Wool Combing Corporation of Canada Limited, Toronto, Ont.
Winnipeg Grain Exchange, Winnipeg, Man.
Winnipeg Ladies Cloak & Suit Manufacturers Association, Winnipeg, Man.
West Coast Woollen Mills Limited, Vancouver, B.C.

York Knitting Mills Limited, Toronto, Ont.

Financial

In 1952, the Bureau of Statistics listed 81 firms engaged in the manufacture of wool cloth. Between 1952 and June 1954, 18 of these mills were reported to have closed. Of the remaining 63, 9 firms (see list B below) were hand weavers only. While they produced 21,000 yards of cloth in 1952, they were classified by the industry as specialists for the purposes of this investigation, and they were not requested to submit any financial information. Nor were 16 other firms (see list C below) whose major product was not wool cloth, requested to submit any financial information. These firms manufactured 320,800 yards of wool cloth in 1952. The production of both these groups of firms was less than 1.5% of the total production of wool cloth in Canada in 1952.

To the remaining 38 firms (actually 37—two firms listed being branches of one company) the Canadian Woollen and Knit Goods Manufacturers Association sent a questionnaire, (prepared in conjunction with Clarkson, Gordon & Co.) requesting certain financial information for submission to the Tariff Board. This questionnaire was also sent to 8 other firms known to manufacture wool cloth, and to 3 wool dyeing firms. Of these 48 firms, 23 completed and returned the questionnaire and filed their financial statements for the years 1950-1953 with the Board: 4 firms sent their financial statements only; 4 firms returned incomplete information: 1 firm had recently closed so no reply was received. Only 3 firms did not submit any financial data.

List A

List of 48 firms to whom the Canadian Woollen and Knit Goods Manufacturers Association sent the questionnaire requesting financial information.

I.—Firms who completed and returned questionnaire, and who submitted financial statements to the Tariff Board for the years 1950-53.

Artex Woollen Mills Ltd.,
366 Adelaide Street West,
Toronto, Ont.

Barrymore Cloth Co., Ltd.,
1179 King Street West,
Toronto, Ont.

The Brook Woollen Co. of Simcoe Ltd.,
Simcoe, Ont.

Campbellford Cloth Co. Ltd.,
Campbellford, Ont.

Chateau Dyers Limited,
Huntingdon, Que.

Dominion Woollens & Worstedes Ltd.,
80 Richmond Street West,
Toronto, Ont.

Downs-Coulter & Co. (Canada) Ltd.,
Trenton, Ont.

Fawcett & Grant Limited,
Huntingdon, Que.

The Horn Textile Sales Limited,
215 Victoria Street,
Toronto, Ont.

Hield Bros. Limited,
Kingston, Ont.

Huntingdon Woollen Mills Ltd.,
Huntingdon, Que.

Leach Textiles Limited,
Huntingdon, Que.

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Lester & Burton Limited, 251 Sorauren Avenue, Toronto, Ont.	
Montrose Worsted Mills Inc., 440 Ontario Street West, Montreal, Que.	
Paton Manufacturing Co. Ltd., Post Office Box 6250, Montreal, Que.	
Geo. Pattinson & Co., Ltd., Preston, Ont.	
Paris Wincey Mills Co., Ltd., Paris, Ont.	
Rosamond Woollens Co., Ltd., Almonte, Ont.	
St. Johns Textile Mills Limited, Post Office Box 160, St. Jean, Que.	
The Slingsby Manufacturing Co., Ltd., Brantford, Ont.	
Tayside Textiles Ltd., Perth, Ont.	
Thoburn Woollen Mills, Almonte, Ont.	
West Coast Woollen Mills Ltd., 520 Clark Drive, Vancouver, B.C.	
Total.....	23

II.—Firms who submitted financial statements too late for inclusion of figures in aggregate tables.

Collie Woollen Mills Ltd., Appleton, Ont.	
J. A. Humphrey & Son Ltd., Moncton, N.B.	
Imperial Cloth Co., Ltd., Kincardine, Ont.	
Fromm Bros. Ltd., 455 Dundas Street North, Galt, Ont.	
Total.....	4

III.—Firms whose major production is not wool cloth.

Avalon Fabrics Ltd., Stratford, Ont.	
Ayers Limited, Lachute Mills, Que.	
Bates & Innes Ltd., Carleton Place, Ont.	
Canada Hair Cloth Co. Ltd., St. Catharines, Ont.	
Collins & Aikman of Canada Ltd., Farnham, Que.	
Dominion Silk Dyeing & Finishing, (Bradford Dyeing Association (Canada) Ltd.) c/o Guardian Trust Co., 618 St. James Street West, Montreal, Que.	
Kenwood Mills Ltd., Arnprior, Ont.	

La France Textiles,
Woodstock, Ont.

Maple Leaf Textiles Ltd.,
3355 Lafontaine Street,
Montreal, Que.

Regent Knitting Mills Ltd.,
2065 Parthenais Street,
Montreal, Que.

Textile Sales Limited,
7000 Park Avenue,
Montreal, Que.

Includes number of companies not
producing wool cloth. Subsidiary
wool companies' individual files
returned.

Trenton Dyeing & Finishing Co. Ltd.,
Trenton, Ont.

Western Canada Weaving Mills,
70-80 Second Avenue,
Vancouver, B.C.

Stated that information would not
be comparable as operated as a sub-
sidiary of wholesale clothing com-
pany.

Total..... 13

IV.—Firms who did not submit financial statements and whose replies to the question-
naire were incomplete.

Methot et Frères Ltée.,
Cap St. Ignace, Que.

La Filature de l'Isle Verte,
Isle Verte, Que.

Pik Mills Ltd.,
275 St. Sacrement Ave.,

Industrial Centre No. 5,
Quebec, Que.

Textile Sainte-Anne Ltée.,
Rigaud, Que.

Total..... 4

V.—Firm recently closed.

H. Leach & Co. Ltd.,
231-237 Front Street East,
Toronto, Ont.

Total..... 1

VI.—Firms who submitted no data.

St. George Woollen Mills,
St. Georges de Beauce, Que.
Geo. Sheard & Co., Ltd.,
Coaticook, Que.

Stated company operated for com-
munity reasons and not comparable.
No questionnaire filed "depleted
staff".

Warwick Woollen Mills Ltd.,
Warwick, Que.

Total..... 3

Total..... 48

List B

Wool Cloth Mills Now in Operation

To whom questionnaires were not mailed
(from D.B.S. Wool Textile Industry, 1952)

Hand Weavers—no financial data requested.

Canadian Homespuns Reg'd.....	Montreal, P.Q.
Charlotte County Cottage Craft.....	St. Andrews, N.B.
Hirsch, Lillian Reg'd.....	Montreal, P.Q.
Island Weavers Ltd.....	Victoria, B.C.

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Little Shop Inc.....	Pointe-au-Pic, P.Q.	
Loomcrofters, The.....	Gagetown, N.B.	
Madawaska Weavers Ltd.....	St. Leonard, N.B.	
Selan Fabrics Reg'd.....	Montreal, P.Q.	
Spider Looms Limited.....	Vancouver, B.C.	Total..... 9

1952 production of wool cloth—21,100 lin. yards.

List C

Wool Cloth Mills Now in Operation

To whom questionnaires were not mailed
(from D.B.S. Wool Textile Industry, 1952)

Firms listed by D.B.S. as wool cloth manufacturers but this is not their major item of production—no financial information requested.

Arad Textiles Co. Limited.....	Toronto, Ont.	
Beaudoin, Francois.....	St. Evariste Station, P.Q.	
Benmiller Woollen Mills.....	Benmiller, Ont.	
Brandon Woollen Mills Co., Ltd., The.....	Brandon, Man.	
Chasse & Fils Ltée., Charles.....	Ste-Marie de Beauce, P.Q.	
Cookshire Woollen Mills Ltd.....	Cookshire, P.Q.	
Copp Woollen Mills Ltd.....	Port Elgin, N.B.	
Custom Woollen Mills Ltd.....	Sifton, Man.	
Duval & Raymond Enrg.....	Princeville, P.Q.	
Fairfield & Sons Limited.....	St. James, Man.	
Glenor Textiles.....	St. Bruno de Guigues, P.Q.	
Globe Textile Mills.....	Meaford, Ont.	
La Filature D'Ambroise Enrg.....	St. Pascal, P.Q.	
Lewis & Sons Ltd., J.....	Truro, N.S.	
Riverside Woollen Mills.....	St. John's, Nfld.	
Strathroy Woollen Mills Ltd., The.....	Strathroy, Ont.	Total..... 16

1952 production of wool cloth—320,800 lin. yards.

Canadian Wool Cloth Industry**Analysis of Combined Profits and Losses Before and After Taxes**

TWENTY-THREE COMPANIES—FOR FISCAL YEARS ENDED 1949-1953 INCLUSIVE
(Expressed in thousands of dollars)

	Number of companies	Profit or loss (—) before taxes on income	Taxes on income or tax credit (—)	Net profit or loss (—)
		\$	\$	\$
1949—Profit companies.....	15	1,554	599	955
Loss companies.....	8	—1,090	—212	—878
Combined.....	23	464	387	77
1950—Profit companies.....	20	3,594	1,406	2,188
Loss companies.....	3	—309		—309
Combined.....	23	3,285	1,406	1,879
1951—Profit companies.....	10	1,075	536	539
Loss companies.....	13	—3,383	—339	—3,044
Combined.....	23	—2,308	197	—2,505
1952—Profit companies.....	7	887	436	451
Loss companies.....	16	—2,245	—117	—2,128
Combined.....	23	—1,358	319	—1,677
1953—Profit companies.....	8	305	73	232
Loss companies.....	15	—1,874	—217	—1,657
Combined.....	23	—1,569	—144	—1,425

Source: Clarkson, Gordon & Co.

Canadian Wool Cloth Industry
Combined Statement of Profit and Loss
 TWENTY-THREE COMPANIES—FOR FISCAL YEARS ENDED 1949-1953 INCLUSIVE

	Sales	Percentage of sales				Percentage of sales			
		Profit or loss (—) before depreciation	Depreciation	Profit or loss (—) before taxes on income	Taxes on Income or tax credit (—)	Net profit or loss (—)	Profit or loss (—) before depreciation and taxes	Net profit or loss (—)	
	\$	\$	\$	\$	\$	\$	%	%	%
1949.....	46,118,233	2,158,723	1,694,374	464,349	387,337	77,012	4.68	0.17	
1950.....	49,522,790	4,898,878	1,613,899	3,284,979	1,406,118	1,878,861	9.89	3.79	
1951.....	62,169,536	-1,027,622	1,280,095	-2,307,717	197,074	-2,504,791	-1.65	-4.03	
1952.....	51,895,268	-417,222	940,734	-1,357,956	319,407	-1,677,363	-0.80	-3.23	
1953.....	39,140,931	-911,390	657,337	-1,568,727	-143,434	-1,425,293	-2.33	-3.64	

Source: Clarkson, Gordon & Co.

Closed Mills

The Canadian Wool Industry submitted to the Board a list of thirty-one wool-cloth mills and eight hurling and mending plants which had been closed between January 1, 1952 and June 1954. With the assistance of officials of the Unemployment Insurance Commission and the Dominion Bureau of Statistics this list has been carefully examined.

It was found that at August 1954, the following three mills whose names were included in the list of mills closed were still operating with a reduced staff:

1. *Eastern Woollen & Worsted Mills Ltd., Richelieu, P.Q.*
(peak employment, February 1952—24)
(employment at August 1954—7)
2. *La Filature d'Abitibi, Amos, P.Q.*
(peak employment, February 1952—30)
(employment at August 1954—7)
3. *Watchorn Woollen Mills, Merrickville, Ont.**
(peak employment, August 1953—26)
(employment at August 1954—12)

Some of the mills listed closed before January 1, 1952. If they closed towards the end of 1951, the mills were left in the list. Two mills, however, were deleted, having closed in 1949 and 1950 respectively. They were:—

1. *Dionne et Dancause Enrg., St. Pascal, P.Q.*
(Rivière du Loup Area)

Peak employment 10. This firm was deleted from the Unemployment Insurance Commission Index in February 1950, because the total number of employees numbered less than ten. The firm closed in December 1949, when employment was three.

2. *Hartley Woollen Mills, Almonte, Ont.* (Carleton Place Area)

There is no record of this mill in the files of the Unemployment Insurance Commission. This firm was under the same management as the Midland Woollen Mills Ltd. which stopped reporting to the Dominion Bureau of Statistics in 1947. Hartley Woollen Mills Ltd. appears to have commenced operations in 1945, making light wool cloths. Later it is reported to have made some blankets for military orders. It reported to the Dominion Bureau of Statistics until 1948, so probably closed in 1949 or 1950. The town of Almonte owns the building which housed this mill, and the unused building in the centre of the town has a depressing effect on Almonte. Efforts are being made to attract other firms to commence operation in this building.

Four firms were deleted from the list submitted by the Wool Industry because their products were not applicable to Tariff Item 554b. They were:—

1. *Botany Woollen & Worsted Mills, Granby, P.Q.*

Listed as wholesale piece goods firm—no report to the Dominion Bureau of Statistics or the Unemployment Insurance Commission.

2. *Le Métier Enrg., St. Lambert, P.Q.* (Montreal Area)

Manufacturers of head shawls: no report to the Dominion Bureau of Statistics 1952—peak employment—11.

3. *Prairie Woollen Mills Ltd., Magrath, Alta.*

Manufacturers of blankets: peak employment—43.

4. *Seneca Weavers Ltd., Verdun, P.Q.* (Montreal Area)

Manufacturers of scarves, knit goods: no report to Dominion Bureau of Statistics 1952: peak employment—14.

No information as to employment could be obtained for the following six firms, as they are not now listed in the Unemployment Insurance Commission Index. This index does not include firms employing less than ten workers, and it destroys its records of firms going out of business after two years.

*Reported in bankruptcy, January, 1955.

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1. *Cantex Co., Highland Creek, Ont.*
Reported to Dominion Bureau of Statistics 1952.
2. *Durham Fabrics, Cooksville, Ont.*
No report to Dominion Bureau of Statistics 1952.
3. *Mers Textile Mills, Montreal, P.Q.*
No report to Dominion Bureau of Statistics 1952.
4. *Peel-tex Ltd., Toronto, Ont.*
No report to Dominion Bureau of Statistics 1952.
5. *Woolcraft Mills, Toronto, Ont.*
No report to Dominion Bureau of Statistics 1952.

Information regarding the remaining seventeen mills and eight burling and mending plants has been tabulated to show date of establishment, date of closing, peak employment in recent years and employment at time of closing. The number of primary textile workers unemployed at November 1954 in the area for each mill is also shown. Unfortunately the Unemployment Insurance Commission records do not distinguish between wool, rayon and cotton primary textile employees. As a result, in some areas, e.g. Valleyfield, where a wool mill has closed, if a number of unemployed primary textile workers are listed, it is not possible to know accurately how many of these are wool cloth workers.

The following tabulation distinguishes between woollen and worsted mills, though in some cases the mills made both kinds of cloth. In 1950, the twelve woollen mills produced 1,600,000 yards of woollen and 16,000 yards of worsted cloth: the five worsted mills produced 388,000 yards of worsted and 296,000 yards of woollen cloth, making a total of 2.33 million yards of wool cloth. Four of the woollen firms made blankets in addition to woollen cloth. The total number of looms reported by these seventeen mills was 330.

A. List of Woollen Cloth Mills Closed

Between January 1, 1952 and August 1954

Name of Company	Address	Approximate Date of Establishment	Approximate Date of Closing	Population of Town	Employment Near or at Date of Closing		Peak Employment in Recent Years (1951-1953)		Number of Unemployed Primary Textile Workers in Area November, 1954	
					Male	Female	Male	Female	Male	Female
Bird Woollen Co.	Bracebridge, Ont.	1872	Dec. 1953	3,000	25	24	27	23	—	—
La Filature du Saguenay Ltée	Amos, P.Q.	1920	April 1954	5,000	8	3	26	11	—	1
Owen Sound* Woollen Mills	Owen Sound Ont.	not available	1952	17,500	not available		—	—	7	30
Oxford Woollen Mills	Oxford, N.S. (Springhill Area)	1867	July 1953	1,500	19	13	—	—	1	—
Peerless Woollen Mills	New Glasgow, N.S.	1949	1952	10,500	not available		—	—	—	1
Popular Rugs Ltd.	Huntingdon, P.Q. (Valleyfield Area)	1944	May 1953	3,000	16	9	—	—	82	112
Renfrew Textiles Ltd.	Renfrew, Ont.	1911	Dec. 1953	8,000	80	35	81	57	—	—
Renfrew Woollen Mills	Renfrew, Ont.	Before 1914	Dec. 1953	8,000	150	25	175	40	43	10
Renfrew Woollen Mills	Carleton Place, Ont.	Before 1914	Spring 1954	4,400	54	27	80	70	10	9

*This mill closed during 1950, continued operations in 1951, has been closed since 1952.

A. List of Woollen Cloth Mills Closed—Concluded

Name of Company	Address	Approximate Date of Establishment	Approximate Date of Closing	Population of Town	Employment Near or at Date of Closing		Peak Employment in Recent Years (1951-1953)		Number of Unemployed Primary Textile Workers in Area November, 1954	
					Male	Female	Male	Female	Male	Female
St. Andrew Woollen Mills*	St. Andrews, P.Q. (Lachute Area)	1939	June 1953	1,600	45	20	62	39 Feb. 1953	7	10
Saskatchewan Wool Products Ltd.	Moose Jaw, Sask.	1945	Sept. 1954	24,500	2	3	50	33 Feb. 1953	—	—
Valley Textiles Ltd.**	Arnprior, Ont.	1900-1910	Dec. 1953	4,400	10	9	—	— Aug. 1951	2	2
					Total Peak Employment since June 1953.		Total Peak Employment- 1,001			

*This mill closed during 1950, continued operations in 1951, 1952, has been closed since June 1953.

**Valley Textiles Ltd. (1947) formerly Arnprior Woollen Mills Ltd. (1944) formerly Doughty Mills Ltd.

B. List of Worsteds (or Worsteds and Woollen) Mills Closed

Between January 1, 1952 and August 1954

Name of Company	Address	Approximate Date of Establishment	Approximate Date of Closing	Population of Town	Employment Near or at Date of Closing		Peak Employment in Recent Years (1951-1953)		Number of Unemployed Primary Textile Workers in Area November, 1954		
					Male	Female	Male	Female	Male	Female	Total
Dupont Textiles Ltd.	Toronto, Ont.	1926	Sept. 1953	700,000	17	52	37	97	90	170	260
International Worsteds Mills	Montreal, P.Q.	1947	Feb. 1953	1,200,000	2	1	—	—	169	255	424
H. Leach & Co.	Toronto, Ont.	1930's	Aug. 1954	700,000	3	12	6	17	See Toronto		
Roby Worsteds Ltd.	Granby, P.Q.	1941	July 1952	22,000	not available		—	—	162	92	254
Wakefield Worsteds (No report to D.B.S. 1952)	Toronto, Ont.	1946(?)	Early 1954	700,000	4	9	4	9	See Toronto		

C. List of Burling and Mending Plants Closed

Name of Company	Address	Approximate Date of Establishment	Approximate Date of Closing	Population of Town	Employment Near or at Date of Closing		Peak Employment in Recent Years (1951-1953)		Number of Unemployed Primary Textile Workers in Area November, 1954	
					Male	Female	Male	Female	Male	Female
Dominion Woollens & Worsteds Ltd.	Collingwood, Ont.	not available	Nov. 1951	7,500	1	10	2	49	—	—
Dominion Woollens & Worsteds Ltd.	Dundalk, Ont. (Owen Sound Area)	not available	Jan. 1953	700	—	9	1	16	See Owen Sound	
Dominion Woollens & Worsteds Ltd.	Mt. Forest, Ont.	not available	Jan. 1953	2,000	1	6	1	16	19	33
Dominion Woollens & Worsteds Ltd.	Owen Sound, Ont.	not available	Mar. 1954	17,500	—	21	2	56	7	30
Dominion Woollens & Worsteds Ltd.	Port Elgin, Ont. (Owen Sound Area)	not available	Nov. 1951	14,000	1	10	1	17	See Owen Sound	
Dominion Woollens & Worsteds Ltd.	Southampton, Ont. (Owen Sound Area)	not available	May 1953	1,600	—	11	1	17	See Owen Sound	
Dominion Woollens & Worsteds Ltd.	Meaford, Ont. (Owen Sound Area)	not available	Nov. 1951	2,700	1	10	1	17	See Owen Sound	
Fawcett & Grant	St. Chrysostome, P.Q. (Valley-field Area)	1940	Mar. 1952	2,000	not available		—	—	82	112

Total Peak Employment—216

The total number of workers who lost their jobs with the closing of these twenty-five establishments during the last three and a half years was approximately 1,450—1,001 through the closing of woollen cloth mills, 233 in worsted mills and 216 in burling and mending plants. Accurate information is not available to show the division between men and women. But from reports available, it would appear that in the woollen factories about one-third of the employees were women; in the worsted factories over two-thirds were women, and in the burling and mending plants practically all employees were women.

These lists would indicate that in towns where mills have closed, the most difficulty in securing employment is probably being met in Huntingdon. The inclusion in the Unemployment Insurance Commission reports of unemployed workers in the other primary textile industries in that area, obscures the situation in the small town of Huntingdon.

In the Ottawa Valley, the unemployment situation appears to be less severe than one might expect. In Renfrew, Arnprior, Carleton Place (which includes Almonte) most workers needing work seem to have found employment. Renfrew has been able to attract several new industries and the expansion of the Cockshutt Aircraft Works has provided a considerable number of jobs. In Arnprior, Playtex of Canada is a new industry which has offered employment for women. Almonte and Carleton Place have not attracted any new industries of any size, but displaced workers have probably sought employment in Smiths Falls or in Ottawa.

The situation on the Owen Sound Peninsula may be rather difficult for some of the women workers who lost their jobs when Dominion Woollens & Worsteds Ltd. closed their burling and mending plants in the small towns. Owen Sound offers some alternative employment but the small villages in the surrounding countryside offer practically no other employment for women.

The only other rural area where the closing of a mill may have caused continued unemployment is St. Andrews, Quebec. This is in the Lachute area and it is not unlikely that some of the displaced workers may have been absorbed by the other wool textile mill in that area. In November, only seventeen primary textile workers were seeking work in that area.

Table 1—Apparent Canadian Market for Cloth Containing Wool

(000 linear yards)

Year	Total Canadian Production	Exports of Canadian Produce	Canadian Retained (1-2)	Canadian Military Production	Canadian Retained Civilian Production (3-4)	Imports from U.K.	Other Imports	Total Imports (6+7)	Exports of Foreign Produce	Retained Imports (8-9)	Total Civilian Market (5+10)	Canadian Share Civilian Market	Total Market (3+10)	Canadian Share Total Market
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1935-39 (A.v.).....	16,397	26	16,372	.....	16,252	11,352	170	11,522	18	11,504	27,756	58.6	27,876	58.7
1940.....	26,392	43	26,349	9,959	16,390	14,305	302	14,607	19	14,588	30,978	52.9	40,937	64.4
1941.....	27,159	123	27,036	4,747	22,289	14,077	107	14,184	82	14,102	36,391	61.2	41,138	65.7
1942.....	27,798	379	27,419	15,247	12,172	12,865	365	13,250	38	13,212	25,384	48.0	40,631	67.5
1943.....	26,364	172	26,192	13,155	13,037	12,031	1,106	13,137	14	13,123	26,160	49.8	39,315	66.6
1944.....	25,408	366	25,042	5,205	19,837	8,639	556	9,195	16	9,179	29,016	68.4	34,221	73.2
1945.....	26,974	325	26,649	6,276	20,373	8,194	404	8,598	58	8,540	28,913	70.5	35,189	75.7
1946.....	29,604	70	29,534	149	29,385	10,658	558	11,216	24	11,192	40,577	72.4	40,726	72.5
1947.....	30,761	153	30,608	.....	30,608	10,255	3,021	13,276	49	13,227	43,835	69.8	43,835	69.8
1948.....	30,082	87	29,995	.....	29,995	16,057	1,491	17,548	83	17,465	47,460	63.2	47,460	63.2
1949.....	29,316	34	29,282	.....	29,282	13,484	1,589	15,073	344	14,729	44,011	66.5	44,011	66.5
1950.....	27,925	35	27,890	.....	27,890	12,190	1,091	13,281	218	13,063	40,953	68.1	40,953	68.1
1951.....	26,254	65	26,189	2,129	24,060	11,031	1,648	12,679	197	12,482	36,542	65.8	38,671	67.7
1952.....	22,811	26	22,785	3,940	18,845	11,704	881	12,585	182	12,403	31,248	60.3	35,188	64.8
1953 est.....	22,078	16	22,062	424	21,638	15,130	1,066	16,196	85	16,111	37,749	57.3	38,171	57.8
<i>Half Years</i>														
1953 I.....	11,921	8	11,913	320	11,593	7,856	568	8,424	42	8,382	19,975	58.0	20,295	58.7
1953 II.....	10,157	8	10,149	104	10,045	7,274	493	7,772	43	7,729	17,774	56.5	17,878	56.8
1954 I.....	8,128	12	8,116	28	8,008	6,170	485	6,655	81	6,574	14,662	54.6	14,690	55.2
1954 (9 mos. est.)....	12,758	21	12,737	16	12,721	8,668	724	9,392	148	9,244	21,965	57.7	21,981	57.9

Source:

Submission of the Canadian Wool-Cloth Industry, Appendix A, XI, based on statistics of the Dominion Bureau of Statistics, Canadian Woollen & Knit Goods Manufacturers Association, Trade of Canada and Trade and Navigation Reports of the United Kingdom.

Table 1A—Apparent Canadian Market for Cloth Containing Wool
(000 linear yards)

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Total Canadian Production	Exports of Canadian Produce	Canadian Retained (1-2)	Canadian Military Production	Canadian Retained Civilian Production (3-4)	Imports from U.K.	Other Imports	Total Imports (5-7)	Exports of Foreign Produce	Retained Imports (8-9)	Total Civilian (5+10)	Canadian Share Civilian Market	Total Market (3+10)	Canadian Share Total Market
1952												%		%
I	6,150	7	6,143	2,059	4,084	2,191	196	2,387	45	2,342	6,426	63.6	8,485	72.4
II	5,760	6	5,754	1,361	4,393	2,335	167	2,502	45	2,457	6,850	64.1	8,211	70.1
III	5,079	6	5,073	368	4,705	3,153	274	3,427	46	3,381	8,086	58.2	8,454	60.0
IV	5,822	7	5,815	152	5,663	4,025	244	4,269	46	4,223	9,088	57.3	10,038	57.9
	22,811	26	22,785	3,940	18,845	11,704	881	12,585	182	12,403	31,248	60.3	35,188	64.8
1953														
I	6,236	4	6,232	159	6,073	3,974	351	4,325	21	4,304	10,377	58.5	10,536	59.1
II	5,685	4	5,681	161	5,520	3,882	217	4,099	21	4,078	9,598	57.5	9,759	58.2
III	5,410	4	5,405	40	5,367	4,087	274	4,361	22	4,339	9,696	55.2	9,745	55.5
IV	4,747	4	4,743	55	4,688	3,187	224	3,411	21	3,390	8,078	58.0	8,133	58.3
	22,078	16	22,062	424	21,638	15,130	1,066	16,196	85	16,111	37,749	57.3	38,173	57.8
1954														
I	4,121	9	4,112	15	4,097	3,231	285	3,516	33	3,483	7,580	54.0	7,595	54.1
II	4,007	3	4,004	13	3,991	2,939	200	3,139	48	3,091	7,082	56.4	7,095	56.4
	8,128	12	8,116	28	8,088	6,170	485	6,655	81	6,574	14,662	55.2	14,690	55.2

Source: See Table I.

Table II—Apparent Canadian Civilian Market for Fabrics Containing Wool—Worsted Fabrics

	Canadian Civilian Production (a)	Imports from U.K. (b)	Imports from Other Countries (c)	Total Disappearance	Per cent Canadian Production to Total Disappearance	Per cent Imports U.K. to Total Disappearance	Per cent Imports from Other Countries to Total Disappearance
	000 lin. yds. 1	000 lin. yds. 2	000 lin. yds. 3	000 lin. yds. 4	%	%	%
1935.....	3,362	2,396	50	5,808	57.9	41.2	0.9
1936.....	3,238	2,245	57	5,540	58.5	40.5	1.0
1937.....	3,398	3,081	165	6,644	51.1	46.4	2.5
1938.....	2,555	2,310	80	4,945	51.7	46.7	1.6
1939.....	3,602	2,893	73	6,568	54.8	44.1	1.1
1946.....	5,418	3,265	266	8,949	60.5	36.5	3.0
1947.....	5,596	2,806	2,208	10,610	52.7	26.5	20.8
1948.....	5,633	5,015	1,285	11,933	47.2	42.0	10.8
1949.....	5,776	5,604	1,386	12,766	45.2	43.9	10.9
1950.....	6,268	5,101	919	12,288	51.0	41.5	7.5
1951.....	4,533	5,276	1,421	11,230	40.4	47.0	12.6
1952.....	2,993	4,331	623	7,947	37.7	54.5	7.8
1953 (est.).....	5,072	6,253	780	12,105	41.9	51.7	6.4

Source:

- (a) Dominion Bureau of Statistics. In 1951 and 1952 production figures of worsted cloths for services (as supplied by Canadian Wollen & Knit Goods Manufacturers Association) are deducted.
- (b) U.K. Trade and Navigation Accounts: Exports to Canada of All Wool Worsted Fabrics.
- (c) Estimated from Import Item No. 3288—Worsted and Serges (12 oz.—1 linear yard). This item probably contains some fabrics of worsted yarns blended with other fibres.

Table III—Apparent Canadian Civilian Market for Fabrics Containing Wool—Woolen Fabrics

	Canadian Civilian Production			Wool and Misc.		Imports from Other Countries (d)	Total Disappearance	Per cent Canadian Production to Total Disappearance	Per cent U.K. Imports to Total Disappearance	Per cent Imports from Other Countries to Total Disappearance
	All Wool Apparel Fabrics (a)	Non-Apparel Fabrics (b)	Total	Imports from U.K. (c)						
	000 lin. yds. 1	000 lin. yds. 2	000 lin. yds. 3	000 lin. yds. 4	000 lin. yds. 5	000 lin. yds. 6	%	%	%	%
1935.....	8,266	1,536	9,802	4,631	98	14,531	67.4	31.9	0.7	
1936.....	9,615	2,307	11,922	5,189	87	17,198	69.3	30.2	0.5	
1937.....	10,015	2,141	12,156	4,974	117	17,247	70.5	28.8	0.7	
1938.....	8,332	1,693	10,025	4,126	60	14,211	70.6	29.0	0.4	
1939.....	8,835	2,182	11,017	4,259	64	15,340	71.8	27.8	0.4	
1946.....	17,491	1,084	18,575	5,589	292	24,456	76.0	22.9	1.1	
1947.....	18,651	1,432	20,083	5,692	812	26,587	75.5	21.4	3.1	
1948.....	17,438	1,832	19,270	8,877	205	28,352	68.0	31.3	0.7	
1949.....	15,116	2,459	17,575	6,149	203	23,927	73.4	26.8	0.8	
1950.....	11,575	2,767	14,342	5,379	172	19,893	72.1	27.0	0.9	
1951.....	9,300	2,555	11,855	4,105	227	16,187	73.2	25.4	1.4	
1952.....	7,659	1,878	9,537	4,879	259	14,675	65.0	33.2	1.8	
1953 (est.).....	10,509	1,110	11,619	6,208	286	18,113	64.1	34.3	1.6	

Sources:

(a) D.B.S.: Includes "All Wool Woollen", "Mackinaw" and woollen cloth produced in knitting industry.

(b) D.B.S.: This item probably includes some blended fabrics.

(c) U.K. Trade & Navigation Accounts: Exports to Canada of "All Wool Fabrics" and "Miscellaneous Wool Fabrics"

(d) Trade of Canada. Imports of Wool Cloth less item 3288 "Worsted and Serges". These figures will include some blended cloths.

Table IV—Apparent Canadian Civilian Market for Fabrics Containing Wool—Wool Blend Fabrics
(Woolen and Worsted Blended with Other Fibres)

	Canadian Civilian Production						Imports from U.K. (c)	Total Disappearance	Per cent Canadian Production to Total Disappearance	Per cent United Kingdom Imports to Total Disappearance
	Wool Cloth Industry		Synthetic Industry		Total Canadian Production of Blends					
	Wool and Other Fibres (a)	Wool and Cotton (b)	Wool and Synthetic (a)	000 lin. yds.						
						000 lin. yds.				
000 lin. yds.	000 lin. yds.	000 lin. yds.	000 lin. yds.	000 lin. yds.	000 lin. yds.	000 lin. yds.	000 lin. yds.	%	%	
1935.....	—	2,007	—	2,007	3,260	5,267	38.1	61.9		
1936.....	—	1,884	—	1,884	3,906	5,790	32.5	67.5		
1937.....	—	2,209	—	2,209	4,954	7,163	30.8	69.2		
1938.....	—	1,308	—	1,308	3,864	5,172	25.3	74.7		
1939.....	—	1,901	—	1,901	3,840	5,741	33.1	66.9		
1946.....	2,049	1,217	1,000	4,266	1,728	5,994	71.2	28.8		
1947.....	1,114	1,241	1,612	3,967	1,671	5,638	70.4	29.6		
1948.....	1,132	1,589	1,752	4,473	1,999	6,472	69.1	30.9		
1949.....	2,148	1,449	1,957	5,554	1,586	7,140	77.8	22.2		
1950.....	2,804	1,555	2,724	7,083	1,713	8,796	80.5	19.5		
1951.....	3,370	1,500	2,884	7,754	1,648	9,402	82.5	17.5		
1952.....	3,081	1,175	2,193	6,449	2,486	8,935	72.2	27.8		
1953.....	3,978	571	845	5,394	2,669	8,063	66.9	33.1		

Source:

- (a) Dominion Bureau of Statistics.
 (b) Dominion Bureau of Statistics: Includes "cotton warp woollen", "other wool and cotton" and small amounts of wool and cotton cloth made by cotton industry.
 (c) United Kingdom Trade and Navigation Accounts: Exports to Canada of woollen and worsted mixtures.
 (d) Statistics for blended fabrics imported from countries other than United Kingdom not available—included in Imports from other countries in Tables II and III.

Table V—Comparison of Annual Averages of Weekly Wages of Hourly-Rated Wage-Earners in Canada in Some Industries

	1946	1947	1949	1950	1951	1952	1953	July 1954	Wage-Earners	
									Male	Female
	\$ cts	\$ cts	\$ cts	\$ cts	\$ cts	\$ cts	\$ cts	\$ cts	%	%
MANUFACTURING.....	29 87	34 13	41 71	43 82	48 82	53 62	56 09	57 39	79	21
Textile products (except clothing).....	23 57	26 78	35 44	37 24	40 09	42 56	44 40	45 47	64	36
Cotton yarns and broad woven goods.....	23 92	26 55	35 66	37 58	39 52	39 42	42 39	43 23	65	35
WOOLLEN GOODS.....	23 04	26 43	33 98	35 43	38 81	42 79	44 01	44 95	61	39
Synthetic textiles and silk.....	24 21	27 58	37 49	39 15	43 13	47 23	48 75	50 01	72	28
Clothing (textile and fur).....	21 75	24 29	29 18	30 37	32 16	34 82	36 31	34 28	37	63
Food and beverages.....	26 50	29 65	36 46	38 25	41 90	46 01	47 70	50 34	78	22
Tobacco and tobacco products.....	21 88	24 77	36 42	39 35	44 66	49 93	51 63	58 14	45	55
Rubber products.....	30 22	37 36	42 74	45 73	51 17	54 75	58 47	59 41	76	24
Leather products.....	23 27	25 78	30 03	30 93	33 17	36 86	38 56	37 80	63	37
Iron and steel products.....	35 81	41 63	50 41	48 97	54 90	60 61	63 45	64 82	90	10
Transportation equipment.....	36 65	41 22	48 95	51 38	56 06	60 52	65 11	64 60	94	6
Electrical apparatus and supplies.....	29 67	34 64	44 84	47 37	52 28	57 28	59 00	60 56	73	26
Chemical products.....	30 05	34 36	42 89	44 90	50 71	55 22	57 68	60 28	77	23

Source:

D.B.S. Annual Review of Man-Hours and Hourly Earnings 1945-1953.

D.B.S. Man-Hours and Hourly Earnings with Average Weekly Wages, July, 1954. Wage-Earners—1951 Census.

These statistics are based on data received from establishments usually employing 10 persons and over.

Firms are asked to furnish information for the male and female wage-earners for whom they keep records of hours worked, so that the statistics relate, in the main, to hourly-rated wage-earners, or production workers, employed full time and part time.

In manufacturing, the data relate to over 74 p.c. of all employees on the staffs of the firms co-operating in the monthly surveys of employment and payrolls; in 1951, the wage-earners for whom information on man-hours was obtained formed over 81 p.c. of the total number of wage-earners reported by practically all manufacturing establishments to the Annual Census of Manufactures, including hourly-rated and other wage-earners.

Table VI—Comparison of Annual Averages of Hours per Week of Hourly-rated Wage-earners in Canada in Some Industries

	1946	1947	1949	1950	1951	1952	1953	July 1954
MANUFACTURING.....	42.7	42.5	42.3	42.3	41.8	41.5	41.3	40.5
Textile products (except clothing).....	43.9	43.2	42.7	43.3	41.5	41.0	41.3	41.0
Cotton yarns and broad woven goods.....	45.3	43.6	41.9	42.9	39.6	37.9	38.5	38.7
WOOLLEN GOODS.....	43.3	42.9	42.9	43.0	42.6	43.0	43.1	43.1
Synthetic textiles and silk.....	45.0	44.2	44.1	44.9	44.1	44.1	44.4	43.0
Clothing (textile and fur).....	38.7	38.5	38.2	38.3	37.4	38.1	38.1	34.7
Food and beverages.....	42.4	42.0	42.4	42.6	42.2	41.9	41.3	41.4
Tobacco and tobacco products.....	40.6	40.4	42.5	41.6	40.9	40.3	39.9	40.6
Rubber products.....	41.8	42.6	40.9	41.5	41.1	40.8	41.0	40.5
Leather products.....	41.7	40.6	40.1	39.4	38.8	40.2	40.0	37.5
Iron and steel products.....	43.3	43.5	42.9	42.4	42.2	41.8	41.5	41.0
Transportation equipment.....	41.7	42.1	42.2	42.5	41.9	41.2	41.5	40.1
Electrical apparatus and supplies.....	41.5	40.9	41.1	41.3	41.0	41.0	41.2	40.0
Chemical products.....	43.3	43.0	43.5	43.3	42.9	41.9	41.8	41.2

Source:

D.B.S. Annual Review of Man-Hours and Hourly Earnings 1945-1953; see also footnote to Table V.

D.B.S. Man-Hours and Hourly Earnings with Average Weekly Wages July, 1954.

Table VII—Percentage Distribution of Male and Female Wage-earners in the Woollen Goods Industry, by Hours Worked
For Week Ending October 31

	30 hrs. or less	31-34 hrs.	35-39 hrs.	40 hrs.	41-43 hrs.	44 hrs.	45-47 hrs.	48 hrs.	49-50 hrs.	51-53 hrs.	54 hrs.	55-64 hrs.	65 hrs.	Number of Wage-earners Reported
	%	%	%	%	%	%	%	%	%	%	%	%	%	
<i>Wage-earners of both Sexes</i>														
1947*	7.8	2.1	6.1	4.8	9.3	2.8	21.8	18.3	10.2	6.4	1.8	7.7	0.9	13,845
1948	7.8	2.6	7.3	5.3	8.6	4.5	26.7	13.2	9.8	4.8	1.9	6.8	0.7	13,708
1949	7.1	2.6	8.5	6.3	8.6	4.2	27.3	11.4	8.2	5.5	1.9	7.6	0.8	12,176
1952	8.0	3.0	7.0	7.0	8.0	4.0	29.0	9.0	9.0	5.0	2.0	8.0	1.0	10,966
<i>Male Wage-earners</i>														
1947*	3.3	1.0	3.9	3.6	5.4	2.3	20.3	22.3	11.8	8.6	2.8	13.1	1.6	7,621
1948	3.9	1.2	4.7	4.0	7.4	3.9	24.0	16.1	12.9	6.5	3.0	11.2	1.2	7,631
1949	3.3	1.2	6.1	6.0	6.5	3.9	25.3	14.3	10.3	7.1	2.4	12.1	1.5	6,838
1952	4.0	2.0	5.0	6.0	6.0	4.0	24.0	12.0	13.0	7.0	3.0	13.0	1.0	6,222
<i>Female Wage-earners</i>														
1947*	13.3	3.5	8.8	6.2	14.0	3.4	23.5	13.3	8.4	3.7	0.6	1.2	0.1	6,224
1948	12.8	4.4	10.6	6.9	10.2	5.2	29.9	9.4	6.0	2.7	0.6	1.3	—	6,077
1949	12.0	4.4	11.6	6.6	11.1	4.5	29.7	7.7	5.5	3.5	1.1	1.9	0.4	5,338
1952	13.0	4.0	9.0	8.0	10.0	6.0	34.0	5.0	6.0	3.0	1.0	1.0	—	4,744

*Last Week in November.

Source: D.B.S. Earnings and Hours of Work in Manufacturing.

APPENDIX E—Con.

Table VIII—Average Hours per Week of Hourly Rated Wage-Earners in Wool Cloth Industry

	1953	1954
January 1.....	41.7	38.5
February 1.....	44.1	42.4
March 1.....	44.8	42.5
April 1.....	44.4	42.0
May 1.....	43.7	41.8
June 1.....	43.8	40.3
July 1.....	43.4	43.1
August 1.....	43.0	43.2
September 1.....	42.4	44.0
October 1.....	40.2	44.4
Nov. 1.....	42.2	43.0
December 1.....	41.8	

Source: D.B.S. Employment Section.

Computed from statistics furnished by manufacturers of woollen and worsted cloth usually employing 15 persons and over, for wage-earners for whom they keep record of hours actually worked.

The 1953 data above related to 85% of the total number of wage-earners estimated by the census of manufacturers for that year.

Table X—Employees Reported by the Larger Establishments Manufacturing Wool Cloth, 1951-1954

	Number of Employees
1951—March 1.....	8,813
June 1.....	8,850
September 1.....	8,199
December 1.....	7,747
1952—March 1.....	7,371
June 1.....	7,217
September 1.....	7,463
December 1.....	7,634
1953—March 1.....	7,567
June 1.....	7,216
September 1.....	7,111
December 1.....	6,100
1954—March 1.....	5,489
June 1.....	5,170
July 1.....	5,591
August 1.....	5,573
September 1.....	5,588
October 1.....	5,730
November 1.....	5,820

Source: Dominion Bureau of Statistics—Employment Section.

Monthly surveys of employment and payrolls, largely restricted to establishments usually employing 15 persons and over. See explanatory notes in the D.B.S. monthly bulletins on these subjects.

The mills whose data are given above employed about 90 p.c. of all employees in the industry, as reported in Table IX.

Table IX—Employment in Wool Cloth Industry
(Monthly Averages)

	Employees on Wages				All Employees			
	Percentage of Total		Total Wages	Total	Percentage of Total		Total	Total Wages and Salaries
	Male	Female			Male	Female		
1934.....	59.1	2,251	\$000	60.3	2,373	39.7	5,979	\$000
1935.....	59.8	2,336	3,779	61.0	3,843	39.0	6,305	4,730
1936.....	60.3	2,360	4,126	61.4	3,961	38.6	6,452	5,109
1937.....	59.9	2,401	4,372	61.0	2,491	39.0	6,452	5,393
1938.....	60.9	1,988	4,506	62.3	3,966	37.7	6,498	5,570
1939.....	60.7	2,136	3,804	62.1	2,120	37.9	5,624	4,842
1940.....	61.0	2,778	4,397	62.0	3,714	38.0	5,986	5,437
1941.....	59.9	3,067	6,638	60.7	4,838	39.3	7,798	8,183
1942.....	56.4	3,499	7,446	57.4	5,100	42.6	8,403	9,286
1943.....	53.6	3,673	8,830	54.3	5,028	45.7	8,765	10,796
1944.....	52.7	3,611	9,075	53.2	4,718	46.8	8,694	11,140
1945.....	52.2	4,057	9,062	52.9	4,445	47.1	8,876	11,063
1946.....	54.9	3,850	9,570	55.6	4,695	44.4	9,913	11,810
1947.....	56.6	4,007	11,182	57.2	5,508	42.8	10,189	13,667
1948.....	57.0	3,853	13,085	57.6	5,833	42.4	9,895	15,917
1949.....	56.6	3,915	14,716	57.4	5,702	42.6	9,885	17,740
1950.....	57.5	3,473	15,638	58.4	5,761	41.6	10,036	19,032
1951.....	57.9	3,528	15,141	58.8	5,349	41.2	9,159	18,656
1952.....	59.9	2,887	16,789	60.4	5,536	39.6	9,407	20,773
1953.....	59.2	2,827	15,618	60.0	4,924	40.0	8,152	19,465
			15,075		4,786		7,974	19,228

Source: Dominion Bureau of Statistics—The Wool Textiles Industry.

Table XI—Capital and Repair Expenditures—Wool Cloth Industry

thousands of dollars

Industry	Capital Expenditures			Repair and Maintenance Expenditures			Capital, Repair and Maintenance Expenditures		
	Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Sub-total	Construction	Machinery and Equipment	Total
1946.....	896	1,375	2,271	1,758	—	1,758	2,654	1,375	4,030
1947.....	1,172	3,022	4,194	347	1,777	2,124	1,519	4,799	6,318
1948.....	698	3,350	4,048	412	2,025	2,437	1,110	5,375	6,485
1949.....	488	2,340	2,828	279	1,903	2,182	767	4,243	5,010
1950.....	509	872	1,381	267	1,611	1,878	776	2,483	3,259
1951.....	165	1,649	1,814	441	1,752	2,193	606	3,401	4,007
1952.....	227	1,142	1,369	348	1,422	1,770	575	2,564	3,139
1953.....	408	1,305	1,713	230	1,571	1,801	638	2,876	3,514
	4,563	15,055	19,618	4,082	12,061	16,143	8,645	27,116	35,762

Source: Dominion Bureau of Statistics

**Table XII—Index Numbers of Value of Inventory Investment
Woollen & Worsted Woven Goods**

(December, 1952 = 100)

	Raw Materials	Goods in Process	Finished Products
1950—March.....	85.5	99.8	78.2
June.....	89.0	103.9	98.7
September.....	104.6	110.1	82.6
December.....	122.1	116.8	85.3
1951—March.....	139.1	135.1	87.6
June.....	138.2	156.4	145.5
September.....	161.0	166.5	137.6
December.....	161.6—170.3 (a)	167.3—173.9 (a)	137.8—147.0 (a)
1952—March.....	135.8	144.1	106.1
June.....	108.3	97.0	97.5
September.....	106.4	87.9	86.5
December.....	100.0	100.0	100.0
1953—March.....	93.4	96.7	97.0
June.....	94.9	101.4	120.2
September.....	90.5	78.0	133.0
December.....	89.9	74.6	137.9
1954—March.....	70.6	77.1	154.7
June.....	64.6	73.6	134.3
September.....	76.9	83.3	152.4
November.....	73.7	86.4	168.0

(a) Revised series.

Source: Dominion Bureau of Statistics—Inventories Section.

Table XIII—Mechanical Equipment—Wool Cloth Industry

Year	Cards	Woollen	Spindles		Looms for Cloth			Looms for Plush, Tapestries, etc.	Total of all Looms
			Worsted	Total	Automatic	Manual	Total		
1944.....	259	84,314	17,132	101,446	916	1,444	2,360	49	2,409
1945.....	267	84,384	18,080	102,464	1,014	1,404	2,418	46	2,464
1946.....	303	86,276	15,900	102,176	1,144	1,413	2,557	46	2,603
1947.....	303	94,394	22,786	117,180	1,368	1,320	2,688	46	2,734
1948.....	296	92,817	27,750	120,567	1,569	969	2,538	46	2,584
1949.....	340	93,350	34,864	128,214	1,675	879	2,554	52	2,606
1950.....	294	89,818	35,168	124,986	1,659	816	2,475	76	2,551
1951.....	289	88,859	38,368	127,227	1,751	841	2,592	74	2,666
1952.....	278	77,955	36,808	114,763	1,788	655	2,443	50	2,493

Source: Dominion Bureau of Statistics—Textiles and Miscellaneous Products Branch.

Table XIV—Fibre and Yarn Consumption in the Wool Cloth Industry 1945-1953

(Thousands of pounds)

	1945	1946	1947	1948	1949	1950	1951	1952	1953
<i>Fibres—</i>									
1. Cotton, raw.....	209	285	230	223	115	215	111	69	42
2. Cotton waste.....	170	215	304	193	270	135	152	63	27
3. Rayon tops, worsted.....	—	—	6	—	1	229	4	66	74
4. Rayon staple fibre.....	13	4	140	212	365	925	1,868	2,073	1,620
5. Rayon waste, woollen.....	714	432	415	583	914	1,153	759	403	476
6. Nylon.....	—	—	1	44	133	136	161	309	253
7. Other synthetic fibre.....	—	—	—	—	—	2	11	32	115
8. Silk, voiles, waste, etc.....	6	2	5	7	19	14	10	—	—
9. Domestic wool (clean pounds).....	1,519	1,822	2,248	2,132	2,914	1,008	1,339	3,410	3,205
10. Imported wool (clean pounds).....	17,805	20,729	20,400	17,768	13,276	12,143	10,410	11,006	7,334
11. Wool rolls.....	122	175	1,049	792	990	726	245	119	135
12. Wool tops.....	2,643	2,561	2,228	3,802	4,135	3,540	3,802	2,530	3,487
13. Rags and clips, wool/part wool.....	4,344	3,491	3,078	4,221	3,418	3,553	4,645	2,321	2,456
14. Waste, wool or part wool.....	1,388	934	5,637	1,002	1,502	1,435	2,504	4,036	2,590
15. Reworsted wool/part wool.....	2,046	1,723	2,492	1,211	1,294	2,176	2,552	2,421	2,419
16. Animal hair.....	—	90	86	10	63	74	65	87	169
17. Other rags and clips.....	—	233	155	—	45	90	148	291	98
18. Other raw stock.....	447	348	405	455	468	25	—	—	18
<i>Yarns—</i>									
19. Cotton.....	1,737	1,812	2,239	1,468	1,569	1,599	1,716	1,654	1,286
20. Rayon, spun.....	134	223	370	186	147	210	164	185	261
21. Rayon, filament.....	191	159	211	20	38	99	117	221	121
22. Nylon and other synthetics.....	—	—	—	—	1	7	35	59	75
23. Worsted, oil spun.....	3,706	4,167	3,070	2,511	2,288	3,391	3,072	2,292	3,100
24. Worsted, dry spun.....	1,141	1,079	851	474	809	1,047	1,390	864	546
25. Woollen yarn.....	1,444	894	905	464	208	1,160	257	185	202
26. Mohair.....	78	73	130	66	58	490	635	491	343
27. Other animal hair.....	244	336	374	415	79	23	109	77	37
28. Yarns, n.e.s. ¹	7	11	14	57	—	—	—	—	—

¹ Not available in pounds so given in thousands of dollars.

Source: Dominion Bureau of Statistics—Textiles and Miscellaneous Products Branch.

Table XV—Dominion Wool Prices

Average monthly prices (pence per lb.)—clean delivered cost in the United Kingdom.

(i) Merino 64s.	1947-48	1948-49	1949-50	1950-51	1951-52	1952-53	1953-54	1954-55
July.....	65	104	90	151	169	137	146	132
September.....	72	95	88	206	112	126	147	125
October.....	72	93½	100	202	152	131	146	
November.....	72	98	106	216	135	132	145	
December.....	72	99	109	224	136	137	139	
January.....	82	103	127	280	126	139	135	
February.....	88½	105	125	288	120	141	130	
March.....	79	101	127	314	110	146	130	
April.....	87	87	135	259	112	151	135	
May.....	97	89	145	234	127	162	140	
June.....	106	92	140	169	130	153	142	
Average (11 months)....	81	97	117	231	130	141	140	
(ii) Crossbred 50s.								
July.....	28	32	32½	72½	101	68	74	81
September.....	31	32	38½	137	64	68	77(a)	79(b)
October.....	32	33	44½	135	85	74(a)	80	
November.....	35½	36	57	145	76	68	78	
December.....	35½	41½	52½	149	74	71	73	
January.....	37½	42½	61	185	68	68	72	
February.....	36½	39	54½	193	65	68	71	
March.....	26½	35	57	222	51	73	75	
April.....	33½	34½	62½	177	52	76	80	
May.....	33½	33	67	147	59	77	84	
June.....	33½	33	63	108	61(a)	76(a)	90(a)	
Average (11 months)....	32½	35½	54	152	69	72	77	

(a) Nominal.

(b) London sales quotation.

NOTE:—August omitted, as sales are not usually held in that month.

Source:

Commonwealth Economic Committee, based on material supplied by United Kingdom-Dominion Wool Disposals Ltd. and the New Zealand Wool Commission's London Agency.

Table XVI—Prices of Wool Tops

	United Kingdom		Canada		
	Merino 64's		Merino 64's		All Tops Imported
	pence per lb.	Index 1947=100	cents (a) per lb.	Index 1947=100	Class Nos. 3268-70 1947=100
1947.....	57·6	100	100·2	100·0	100·0
1948.....	101·3	176	174·0	173·7	126·4
1949.....	105·6	183	169·0	168·7	136·8
1950.....	180·0	313	231·8	231·3	162·3
1951.....	220·3	386	274·0	273·4	271·7
1952.....	134·7	234	156·9	156·6	131·1
1953.....	153·8	267	180·8	180·4	145·3
Monthly Average					
1950—March.....	139·8	244	182·9	182·5	{134·3 (b)
June.....	158·2	276	206·5	206·1	}
September.....	230·8	402	287·2	286·6	{188·9 (b)
December.....	243·5	424	302·8	302·2	}
1951—March.....	339·0	589	417·8	417·0	246·3 (c)
June.....	222·0	386	181·0	180·1	297·2
September.....	129·3	225	162·7	162·4	293·4
December.....	149·0	259	181·4	181·0	214·2
1952—March.....	119·3	207	142·0	141·7	167·9
June.....	137·3	239	159·5	159·2	123·6
September.....	130·3	226	148·5	148·2	122·6
December.....	143·5	249	166·4	166·1	130·2
1953—March.....	153·8	267	181·0	180·6	136·8
June.....	161·3	280	191·6	191·2	147·2
September.....	153·8	267	180·4	180·0	150·9
December.....	146·3	254	170·3	170·0	148·2
1954—March.....	138·2	240	160·9	160·6	147·2
June.....	146·3	254	172·0	171·6	139·6

(a) Converted at yearly or monthly average rate of exchange plus 3½ cents landing charges.

(b) Half yearly.

(c) Quarterly averages.

Source:

Prices of Merino Tops, United Kingdom—Commonwealth Economic Committee

Prices of Imported Tops—Dominion Bureau of Statistics—International Trade Division.

Table XVII—Wholesale Price Indexes of Fabrics

1949=100

Year	Cotton	Rayon	Wool
1946.....	54·7	72·3	55·0
1947.....	77·8	86·6	72·3
1948.....	97·4	98·0	97·8
1949.....	100·0	100·0	100·0
1950.....	109·0	100·0	113·6
1951.....	121·9	105·9	141·0
1952.....	114·8	96·1	99·8
1953.....	108·5	85·3	102·7
1950—March.....	102·3	100·0	94·5
June.....	102·3	100·0	103·2
September.....	120·3	97·2	134·2
December.....	120·8	103·9	143·1
1951—March.....	124·7	106·1	175·2
June.....	124·7	106·1	150·0
September.....	120·4	103·9	113·0
December.....	116·3	109·5	109·7
1952—March.....	116·3	100·6	99·9
June.....	115·8	92·4	99·0
September.....	112·7	92·4	97·4
December.....	113·2	92·4	98·2
1953—March.....	111·5	86·1	101·8
June.....	108·7	85·1	104·5
September.....	106·4	85·1	103·8
December.....	105·4	83·5	103·5
1954—March.....	104·9	83·5	101·2
June.....	103·5	82·5	101·8
September.....	103·1	82·5	99·7
November.....	104·2	82·5	98·3

Source:

Dominion Bureau of Statistics: Labour and Prices Division.

Table XVIII—Wholesale Price Index Numbers of Domestic and Imported Worsted Cloth

1949=100

Year	Domestic	Imported
1948.....	100.4	91.4
1949.....	100.0	100.0
1950.....	119.1	86.7
1951.....	142.8	111.2
1952.....	106.4	92.7
1953.....	103.1	90.4
1950—March.....	94.2*	85.9**
June.....	99.7	83.4
September.....	118.6	85.5
December.....	147.9	92.1
1951—March.....	170.8	101.0
June.....	169.5	108.3
September.....	125.9	119.0
December.....	110.7	126.6
1952—March.....	105.8	126.6
June.....	101.0	92.0
September.....	99.9	80.4
December.....	100.0	82.5
1953—March.....	102.6	88.8
June.....	105.2	85.6
September.....	104.9	90.9
December.....	105.0	96.9
1954—March.....	102.6	101.0
June.....	101.8	89.6
September.....	100.8	90.4

* Quarterly averages of monthly indexes.

** Direct quarterly computations.

Source:

Dominion Bureau of Statistics; Labour and Prices Division—International Trade Division.

Table XIX—Clothing Prices—Consumer Price Index

1949 = 100

	All Clothing	Men's			Boys'			Women's			Girls'	
		Suits Wool	Overcoats Wool	Slacks Wool and Wool Mixture	Slacks Wool and Wool Mixture	Suits Wool and Wool Mixture	Overcoats Wool	Suits Wool and Wool Mixture	Winter Coats Wool			
1950.....	99.7	97.2	104.2	97.2	100.3	104.8	99.4	104.8	101.5			
1951.....	109.8	112.3	110.9	111.1	108.3	121.0	103.0	121.0	109.0			
1952.....	111.8	114.0	124.8	111.6	111.0	122.3	110.3	122.3	115.2			
1953.....	110.1	112.7	121.8	109.6	109.6	122.0	106.0	122.0	109.0			
1949—April 1.....	100.2	100.4	99.0	100.4	100.0	100.2	100.2	100.2	100.4			
October 1.....	99.8	100.0	103.5	100.0	100.0	105.8	99.5	105.8	101.6			
1950—April 1.....	99.2	96.2	103.7	96.2	100.2	106.8	99.3	106.8	102.1			
October 2.....	100.6	97.7	104.7	97.7	100.8	118.9	99.9	118.9	107.5			
1951—April 2.....	108.5	111.4	106.8	111.4	107.8	114.6	100.1	114.6	117.4			
October 1.....	114.1	117.5	119.4	113.6	111.9	126.0	111.9	126.0	117.4			
1952—January 2*.....	114.9	119.2	125.5	113.9	112.6	121.6	111.7	121.6	117.4			
April 1.....	112.5	113.8	125.5	111.4	111.4	122.4	111.7	122.4	108.7			
October 1.....	109.9	112.0	125.5	110.5	110.3	122.1	106.0	122.1	108.7			
1953—April 1.....	109.7	112.1	121.2	109.6	109.8	122.2	106.0	122.2	109.7			
October 1.....	110.3	113.6	122.6	109.2	109.5	122.0	106.0	122.0	109.3			
1954—April 1.....	109.9	114.1	123.7	109.5	109.0	121.9	106.5	121.9	107.6			
October 1.....	108.4	114.0	123.7	108.2	108.8	122.0	105.9	122.0	107.4			
December 1.....	108.1	114.2	123.0	108.2	108.8		105.7					

*Peak of clothing prices.

Source: Dominion Bureau of Statistics—Labour and Prices Division.

Table XX—Factory Production—Men's and Boy's Suits

	All Wool	All Rayon	Rayon and Wool Chiefly Wool	Rayon and Wool Chiefly Rayon	Wool and Cotton Suits
	000	000	000	000	000
Men's and Youths'					
1950.....	1,467	17	162	34	n.a.
1951.....	1,321	102	110	25	4
1952.....	1,267	71	194	52	3
1953*.....	1,405	95	168	148	7
Boys'					
1950.....	173	14	56	14	n.a.
1951.....	101	26	32	60	14
1952.....	55	65	67	41	11
1953*.....	44	43	38	24	13

n.a. Not available.

* Shipments.

Source: Dominion Bureau of Statistics—Men's Factory Clothing Industry

Table XXI—Factory Production—Women's and Misses' Wool Clothing

	Coats	Suits	Separate Jackets	Dresses	Skirts
	000	000	000	000	000
1946.....	1,427	596	147	548	670
1947.....	1,469	636	107	454	622
1948.....	1,714	632	107	460	764
1949.....	1,726	621	138	414	838
1950.....	1,500	611	141	348	772
1951.....	1,392	504	151*	478*	631
1952**.....	1,590	462	149	267	807
1953**.....	1,608	403	141	335	954

* Wool and Wool Mixtures since 1951

** Quarterly totals

Source: Dominion Bureau of Statistics—Women's Factory Clothing

Table XXII—Clothing Sales

	Wholesale Index of Clothing Sales	Retail					
		Men's Clothing Stores	Men's Clothing Dept. Stores	Women's Clothing Stores	Women's Coats and Suits Dept. Stores	Family Clothing Stores	Boys' Clothing and Furnishing Dept. Stores
		\$ Million					
1949=100							
1947.....	102.9	154.2	—	140.9	—	147.4	—
1948.....	106.8	165.5	—	167.8	—	158.6	—
1949.....	100.0	172.2	—	181.1	—	156.8	—
1950.....	99.8	171.6	30.5	161.1	27.9	160.5	23.5
1951.....	101.8	199.0	31.0	187.2	26.8	176.3	24.9
1952.....	106.1	209.4	32.4	203.8	28.8	203.2	27.3
1953.....	105.5	203.6	31.8	209.5	29.5	203.3	26.8

Source: Dominion Bureau of Statistics—Retail Trade and Wholesale Sales.

Table XXIII—Total Imports of Wool Cloth—Tariff Item 554b

Total imports under this item are set out below, along with imports under each of the seven statistical items in which the import figures are recorded.
(thousands of pounds)

	Total	Per cent of		Felt Cloth,		Overcoatings		Tweeds		Worsted and		Woven Fabrics,		Wool Fabrics	
		Total		n.o.p.						Serges		n.o.p.		Cut Pile (plush)	
		from U.K.	Imports	Total	From U.K.	Total	From U.K.	Total	From U.K.	Total	From U.K.	Total	From U.K.	Total	From U.K.
1935	7,224	7,083	98.1	332	332	831	812	1,383	1,366	3,441	3,403	1,142	1,082	27	21
1936	8,022	7,886	98.3	332	332	1,188	1,180	1,441	1,436	4,130	4,087	872	812	39	39
1937	9,213	8,951	97.2	232	232	1,747	1,703	1,180	1,172	4,947	4,823	1,052	985	52	31
1938	7,210	7,081	98.2	140	139	831	811	973	972	4,310	4,250	935	893	19	16
1938	7,338	7,214	98.3	116	115	729	713	859	855	4,641	4,641	912	864	25	24
1939	8,237	7,980	96.9	89	89	671	658	822	817	6,083	5,880	572	491	49	45
1940	8,741	8,415	96.3	87	85	673	653	1,662	1,651	4,967	4,920	429	396	124	116
1941	8,741	8,415	96.3	87	85	673	653	2,233	2,130	5,101	5,018	475	366	167	153
1942	8,490	8,231	96.9	88	86	937	891	1,662	1,410	5,183	4,849	482	194	115	100
1943	6,261	5,705	91.1	65	65	499	499	1,173	1,167	3,722	3,711	367	189	97	74
1944	5,176	4,777	92.3	85	85	276	276	809	809	3,379	3,355	180	141	66	50
1945	7,058	6,547	92.8	229	220	367	354	1,195	1,180	4,707	4,508	331	227	160	57
1946	9,877	7,394	74.9	357	309	593	518	1,285	1,151	6,711	5,035	703	292	213	68
1947	11,821	10,637	90.0	483	480	627	604	1,002	990	8,893	7,929	601	448	210	173
1948	11,023	9,767	88.6	256	254	457	451	605	602	8,822	7,782	662	521	214	153
1949	9,875	9,004	91.2	273	271	465	460	531	528	7,443	6,754	955	832	198	150
1950	9,255	7,957	86.0	239	220	426	408	392	390	7,325	6,259	778	612	89	69
1951	9,600	8,865	92.4	517	513	619	601	508	504	6,858	6,362	996	817	37	37
1952	12,778	11,898	93.1	624	618	731	706	683	681	9,069	8,484	1,615	1,360	51	48
1953	3,436	3,147	91.6	217	214	130	122	215	214	2,488	2,268	364	307	22	21
1st quarter.....	3,217	3,038	94.4	164	164	215	210	181	180	2,265	2,143	371	323	19	18
2nd quarter.....	3,486	3,260	93.5	127	127	220	213	160	159	2,481	2,337	489	416	9	7
3rd quarter.....	2,526	2,340	92.2	151	148	115	112	134	133	1,956	1,789	412	358	13	11
1954—	2,537	2,177	92.5	157	157	116	110	145	143	1,384	1,491	345	275	6	1
1st quarter.....	2,537	2,177	92.5	157	157	116	110	145	143	1,384	1,491	345	275	6	1
2nd quarter.....	2,537	2,177	92.5	157	157	116	110	145	143	1,384	1,491	345	275	6	1
3rd quarter.....	2,537	2,177	92.5	157	157	116	110	145	143	1,384	1,491	345	275	6	1

Note: Years 1935-38 are fiscal years ending March 31, 1936-39.

Year 1939 *et seq.* are calendar years.

(Source: Trade of Canada.)

Table XXIV—Imports of Wool Cloth—Tariff Item 554b—from Countries Other than the United Kingdom

(Thousands of pounds)

Year	Total Imports under Item 554b	Total Imports from countries other than United Kingdom	Per cent of Total Imports	United States	Italy	France	Nether-lands	Czecho-slovakia	Switzer-land	Belgium	Germany	Poland	Australia	Others
1947.....	9,877	2,483	25.1	2,222	6	171	4	6	6	3	—	—	62	4
1948.....	11,821	1,185	10.0	470	13	215	24	341	2	44	—	—	71	6
1949.....	11,023	1,256	11.4	269	111	121	19	431	2	173	24	15	90	1
1950.....	9,875	871	8.8	156	203	98	22	266	5	56	3	17	43	3
1951.....	9,255	1,298	14.0	175	640	134	25	163	15	25	10	19	64	28
1952.....	9,600	734	7.6	248	224	76	63	35	16	19	10	—	42	2
1953.....	12,778	880	6.9	256	270	93	127	2	23	38	26	—	37	8

Source: Trade of Canada.

Table XXV—Imports of Wool Cloth
From Countries Other Than the United Kingdom

Year	Linear Yards*
1935.....	147,945
1936.....	144,361
1937.....	282,087
1938.....	139,716
1939.....	136,873
1940.....	302,060
1941.....	106,503
1942.....	364,925
1943.....	1,106,148
1944.....	555,765
1945.....	404,060
1946.....	557,554
1947.....	3,020,697
1948.....	1,490,693
1949.....	1,588,992
1950.....	1,090,874
1951.....	1,648,141
1952.....	881,366
1953.....	1,065,696
1951— I.....	552,000
II.....	570,000
III.....	282,000
IV.....	244,000
1952— I.....	196,000
II.....	167,000
III.....	274,000
IV.....	244,000
1953— I.....	351,000
II.....	217,000
III.....	274,000
IV.....	224,000
1954— I.....	285,000
II.....	**200,000

*Converted from pounds on the following basis:

Flannels.....	12 oz.	Worsteds and Serges.....	12 oz.
Felt Cloth.....	16 oz.	Wool Fabrics, n.o.p.....	16 oz.
Overcoatings.....	28 oz.	Tweeds.....	13 oz.
Cut pile.....	20 oz.		

** June imports estimated.

Source: Trade of Canada. (Tables XXV-XXXIV taken from the submission of the Canadian Wool-Cloth Industry).

Table XXVI—Duty Yield—Total Imports from the United Kingdom—Tariff Item 554b

Year*	000 lbs.	Invoice Value 000 \$	Duty 000 \$	Average Invoice Value per lb. \$	Duty Yield† Cents per lb.	Duty as Per cent of Invoice Value
1935.....	7,083	7,235	2,839	1.02	40.1	39.2
1936.....	7,886	8,357	3,114	1.06	39.5	37.3
1937.....	8,951	10,586	3,023	1.18	33.7	28.6
1938.....	7,081	8,309	2,546	1.17	36.0	30.6
1939.....	7,214	8,636	2,489	1.20	34.5	28.8
1940.....	7,980	11,533	3,098	1.45	38.8	26.9
1941.....	7,842	11,851	2,789	1.51	35.6	23.5
1942.....	8,415	13,051	2,896	1.55	34.4	22.2
1943.....	7,531	13,976	2,930	1.86	38.9	21.0
1944.....	5,706	10,733	2,181	1.81	38.2	20.3
1945.....	4,777	10,603	2,027	2.22	42.4 (50.8)†	19.1 (22.9)†
1946.....	6,547	15,016	2,798	2.29	42.7 (52.0)	18.6 (22.7)
1947.....	7,394	19,090	3,296	2.58	44.6 (57.2)	17.3 (22.2)
1948.....	10,637	34,703	5,088	3.26	47.8 (69.5)	14.7 (21.3)
1949.....	9,767	34,682	4,669	3.55	47.8 (74.7)	13.5 (21.0)
1950.....	9,004	26,884	4,139	2.99	46.0 (64.6)	15.4 (21.6)
1951.....	7,957	31,532	3,783	3.96	47.5 (82.1)	12.0 (20.7)
1952.....	8,865	28,281	4,057	3.19	45.8 (68.2)	14.3 (21.4)
1953.....	11,898	37,359	5,566	3.14	46.8 (67.3)	14.9 (21.4)

* 1935-1938—Fiscal Years ending March 31 of following year; 1939-1945—Calendar Years.

† Duty calculated from net rate without application of maximum duty.

‡ During the years 1940-47 the duties collected reflect the reduced rates provided by the War Exchange Conservation Act.

Source: Trade of Canada.

Table XXVII—Duty Yield—Flannels Imported from the United Kingdom—Tariff Item 554b

Year*	000 lbs.	Invoice Value 000 \$	Duty 000 \$	Average Invoice Value per lb. \$	Duty Yield† Cents per lb.	Duty as Per cent of Invoice Value
1935.....	392	277	128	0.71	32.7	46.2
1936.....	332	251	109	0.76	32.8	43.4
1937.....	232	207	67	0.89	28.9	32.4
1938.....	139	124	40	0.89	28.8	32.3
1939.....	115	102	33	0.89	28.7	32.4
1940.....	89	91	28	1.02	31.5	30.8
1941.....	80	106	26	1.33	32.5	24.5
1942.....	85	130	29	1.53	34.1	22.3
1943.....	86	151	33	1.76	33.4	21.9
1944.....	65	118	25	1.82	38.5	21.2
1945.....	85	169	34	1.99	40.0	20.1
1946.....	220	495	96	2.25	43.6 (51.3)†	19.4 (22.8)†
1947.....	309	790	141	2.55	45.6 (56.7)	17.8 (22.2)
1948.....	480	1,436	227	2.99	47.3 (64.6)	15.8 (21.6)
1949.....	254	684	115	2.69	45.3 (59.2)	16.8 (22.0)
1950.....	271	667	117	2.46	43.2 (55.1)	17.5 (22.4)
1951.....	220	652	97	2.96	44.1 (64.1)	14.8 (21.7)
1952.....	513	1,073	201	2.09	39.2 (39.2)	18.7 (18.7)
1953.....	618	1,357	246	2.20	39.8 (50.4)	18.1 (22.9)

* 1935-1938—Fiscal Years ending March 31 of following year; 1939-1945—Calendar years.

† Duty calculated from net rate without application of maximum duty.

‡ During the years 1940-47 the duties collected reflect the reduced rates provided by the War Exchange Conservation Act.

Source: Trade of Canada (Class No. 3284).

Table XXVIII—Duty Yield—Overcoatings Imported from the United Kingdom—Tariff Item 554b

Year*	000 lbs.	Invoice Value 000 \$	Duty 000 \$	Average Invoice Value per lb. \$	Duty Yield† Cents per lb.	Duty as Per cent of Invoice Value
1935.....	812	710	297	0.87	36.6	41.8
1936.....	1,180	1,055	425	0.89	36.0	40.3
1937.....	1,703	1,723	504	1.01	29.6	29.3
1938.....	811	820	250	1.01	30.8	30.5
1939.....	713	737	224	1.03	31.4	30.4
1940.....	658	825	231	1.25	35.1	28.0
1941.....	668	879	214	1.32	32.0	24.3
1942.....	653	869	204	1.33	31.2	23.5
1943.....	891	1,283	292	1.44	32.8	22.8
1944.....	499	676	156	1.35	31.3	23.1
1945.....	276	428	94	1.55	34.1	22.0
1946.....	354	605	127	1.71	35.9	21.0
1947.....	518	1,098	208	2.12	40.2	18.9
1948.....	604	1,565	279	2.59	46.2 (57.4)†	17.8 (22.2)†
1949.....	451	1,240	209	2.75	46.3 (60.3)	16.9 (21.9)
1950.....	460	1,009	203	2.19	44.1 (50.2)	20.1 (22.9)
1951.....	408	1,356	195	3.32	47.8 (70.6)	14.4 (21.3)
1952.....	601	1,467	272	2.44	45.3 (54.7)	18.5 (22.4)
1953.....	706	1,778	318	2.52	45.0 (56.2)	17.9 (22.3)

* 1935-1938—Fiscal Years ending March 31 of following year; 1939-45—Calendar years.

† Duty calculated from net rate without application of maximum duty.

‡ During the years 1940-47 the duties collected reflect the reduced rates provided by the War Exchange Conservation Act.

Source: Trade of Canada (Class No. 3286).

Table XXIX—Duty Yield—Tweeds Imported from the United Kingdom—Tariff Item 554b

Year*	000 lbs.	Invoice Value 000 \$	Duty 000 \$	Average Invoice Value per lb. \$	Duty Yield† Cents per lb.	Duty as Per cent of Invoice Value
1935.....	1,366	1,227	511	0.90	37.4	41.6
1936.....	1,436	1,340	532	0.93	37.0	39.7
1937.....	1,172	1,182	365	1.01	31.1	30.9
1938.....	972	956	296	0.98	30.4	31.0
1939.....	855	850	262	0.99	30.6	30.8
1940.....	817	929	272	1.14	33.3	29.3
1941.....	1,661	1,946	497	1.17	29.9	25.5
1942.....	2,139	2,520	615	1.18	28.8	24.4
1943.....	1,410	1,886	441	1.34	31.3	23.4
1944.....	1,167	1,579	368	1.35	31.5	23.3
1945.....	869	1,391	307	1.60	35.3	22.1
1946.....	1,180	1,904	417	1.61	35.3	21.9
1947.....	1,151	2,143	442	1.86	38.4	20.6
1948.....	999	2,273	441	2.28	44.1 (51.8)†	19.4 (22.7)†
1949.....	602	1,356	261	2.25	43.4 (51.3)	19.2 (22.8)
1950.....	528	1,065	221	2.02	41.9	20.8
1951.....	390	1,074	171	2.75	43.8 (60.3)	15.9 (21.9)
1952.....	504	1,140	221	2.26	43.8 (51.5)	19.4 (22.8)
1953.....	681	1,558	305	2.29	44.8 (52.0)	19.6 (22.7)

* 1935-1938—Fiscal Years ending March 31 of following years; 1939-1945—Calendar years.

† Duty calculated from net rate without application of maximum duty.

‡ During the years 1940-47 the duties collected reflect the reduced rates provided by the War Exchange Conservation Act.

Source: Trade of Canada (Class No. 3287).

Table XXX—Duty Yield—Worsted & Serges Imported from the United Kingdom—Tariff Item 554b

Year*	000 lbs.	Invoice Value 000 \$	Duty 000 \$	Average Invoice Value per lb. \$	Duty Yield† Cents per lb.	Duty as Per cent of Invoice Value
1935.....	3,403	3,943	1,473	1.16	43.3	37.4
1936.....	4,087	4,815	1,718	1.18	42.0	35.7
1937.....	4,823	6,280	1,752	1.30	36.3	27.9
1938.....	4,250	5,410	1,530	1.27	36.0	28.3
1939.....	4,641	5,951	1,683	1.28	36.3	28.3
1940.....	5,880	8,940	2,372	1.52	40.3	26.5
1941.....	4,920	8,115	1,875	1.65	38.1	23.1
1942.....	5,018	8,678	1,875	1.73	37.4	21.6
1943.....	4,849	10,096	2,054	2.08	42.4	20.3
1944.....	3,711	7,760	1,532	2.09	41.3	19.7
1945.....	3,355	8,146	1,515	2.43	45.2 (54.5)†	18.6 (22.4)†
1946.....	4,508	11,267	2,041	2.50	45.3 (55.8)	18.1 (22.3)
1947.....	5,055	14,090	2,352	2.79	46.5 (61.0)	16.7 (21.9)
1948.....	7,929	27,742	3,855	3.50	48.6 (73.8)	13.9 (21.1)
1949.....	7,782	29,700	3,781	3.82	48.6 (79.6)	12.7 (20.8)
1950.....	6,754	22,029	3,188	3.26	47.2 (69.5)	14.5 (21.3)
1951.....	6,259	26,436	3,022	4.22	48.3 (86.8)	11.4 (20.6)
1952.....	6,392	22,506	3,007	3.52	47.0 (74.2)	13.4 (21.1)
1953.....	8,484	29,208	4,095	3.44	48.3 (72.7)	14.0 (21.1)

* 1935-1938—Fiscal Years ending March 31 of following year; 1939-1945—Calendar years.

† Duty calculated from net rate without application of maximum duty.

‡ During the years 1940-47 the duties collected reflect the reduced rates provided by the War Exchange Conservation Act.

Source: Trade of Canada (Class No. 3288).

Table XXXI—U.K. Woven Wool Cloth Exports to Canada

Woollen Fabrics										
Year	All Wool				Woollen Mixtures				Total ¹ Woollens	
	16 oz. and over	12-16	8-12	under 8	16 oz. and over	12-16	8-12	under 8	sq. yds.	lin. yds.
	(000) square yards								(000)	(000)
1935.....	447	302	2,223	2,105	221	175	1,671	855	7,999	5,546
1936.....	544	499	2,696	2,400	479	388	2,151	1,080	10,287	7,132
1937.....	566	544	2,624	2,206	559	546	2,507	1,370	10,972	7,607
1938.....	389	334	2,175	1,861	268	260	1,653	1,091	8,086	5,606
1939.....	366	305	2,207	2,165	122	164	1,584	1,043	8,044	5,577
1940.....	628	493	2,744	2,407	85	178	1,288	903	8,816	6,112
1941.....	445	568	3,881	3,355	127	188	1,592	1,103	1,131	7,856
1942.....	437	546	3,633	3,588	105	134	1,657	816	10,988	7,618
1943.....	695	701	3,689	3,306	27	137	1,191	436	10,230	7,092
1944.....	377	745	2,365	2,930	20	81	984	258	7,761	5,381
1945.....	158	340	2,045	2,670	22	60	880	301	6,476	4,490
1946.....	238	488	3,487	3,135	18	88	1,244	347	9,046	6,272
1947.....	290	715	3,711	2,792	32	160	1,228	426	9,354	6,485
1948.....	375	652	5,619	4,830	17	95	1,314	671	13,573	9,410
1949.....	334	333	3,945	3,306	10	31	1,214	496	9,669	6,704
1950.....	361	431	3,082	3,290	12	55	1,319	713	9,263	6,422
1951.....	341	425	2,480	2,254	16	63	1,135	881	7,595	5,266
1952.....	408	647	2,809	2,801	24	227	1,814	1,719	9,911	6,871
1953.....	574	779	3,910	3,207	100	239	1,715	1,491	12,051	8,355

¹ In some years, published totals include small quantities of cloth not included in detailed breakdown. Conversion factor from sq. to linear yards, .6933.

Source: Trade and Navigation Reports of the United Kingdom.

Table XXXII—United Kingdom Woven Wool Cloth Exports to Canada

Worsted Fabrics										
Year	All Wool				Worsted Mixtures				Total Worsted	
	16 oz. and over	12-16	8-12	under 8	16 oz. and over	12-16	8-12	under 8	sq. yds.	lin. yds.
	(000) square yards								(000)	(000)
1935.....	139			3,317	89			1,691	5,519	3,826
1936.....	114			3,272	52			1,484	5,049	3,500
1937.....	153			4,292	80			2,084	6,738	4,671
1938.....	129			3,202	39			2,263	5,737	3,977
1939.....	130			4,043	55			2,570	6,961	4,826
1940.....	202			6,740	74			3,883	11,028	7,646
1941.....	129			4,927	82			2,966	8,216	5,696
1942.....	159			4,776	83			1,833	6,908	4,789
1943.....	72			5,033	64			1,326	6,571	4,556
1944.....	20			3,250	24			973	4,332	3,003
1945.....	29			3,959	10			816	4,894	3,393
1946.....	7	45	3,183	1,474	—	22	446	327	5,613	3,891
1947.....	10	25	2,882	1,131	—	13	345	206	4,735	3,283
1948.....	6	44	5,165	2,019	—	—	505	282	8,259	5,726
1949.....	12	49	5,779	2,243	—	—	354	183	8,829	6,121
1950.....	13	42	5,072	2,230	9	8	197	158	7,727	5,357
1951.....	15	47	5,242	2,306	6	18	97	161	7,894	5,473
1952.....	19	59	4,050	2,119	—	21	207	114	6,597	4,574
1953.....	18	42	6,419	2,540	9	25	134	100	9,287	6,439

NOTE: Until 1946, worsted classifications were "12 oz. and over" and "under 12 oz."

Source: Trade and Navigation Reports of the United Kingdom.

Table XXXIII—United Kingdom Woven Wool Cloth Exports to Canada

Miscellaneous Wool Fabrics									
Year	Mohair, alpaca, cash- mere	Damasks, tapestry, etc.	Pile fabrics	Mech- anical	Linings ¹	Flannels and delaines	Cut lengths	Total Miscellaneous Wool Fabrics	
								sq. yds.	lin. yds.
			(000) square yards					(000)	(000)
1935.....	—	—	45	—	185	1,558	—	1,603	1,111
1936.....	—	—	83	—	127	1,263	—	1,346	933
1937.....	—	—	72	—	95	1,163	—	1,235	856
1938.....	—	—	39	—	54	1,154	—	1,193	827
1939.....	—	—	89	—	58	1,011	—	1,100	763
1940.....	46	—	56	—	77	687	—	789	547
1941.....	76	—	45	—	48	636	—	757	525
1942.....	97	—	23	—	29	569	—	689	478
1943.....	31	—	34	—	75	487	—	552	383
1944.....	24	—	21	—	66	323	—	368	255
1945.....	36	—	11	—	80	402	—	449	311
1946.....	54	—	14	—	107	646	—	714	495
1947.....	39	—	24	—	123	639	—	702	487
1948.....	40	6	53	25	228	976	—	1,328	921
1949.....	28	6	56	14	201	646	—	951	659
1950.....	82	10	114	13	333	—	41	593	411
1951.....	61	4	59	34	209	—	54	421	292
1952.....	75	5	47	—	180	Interlining	66	373	259
1953.....	44	2	49	8	109		181	91	484	336

¹ Included in "Total Worsted" until 1947.

Source: Trade and Navigation Reports of the United Kingdom.

Table XXXIV—United Kingdom Woven Wool Cloth Exports to Canada

Year	Total Wool Fabrics			Grand Total
	Woollens	Worsteds	Miscellaneous Fabrics	
	(000) linear yards			
1935.....	5,546	3,826	1,111	10,483
1936.....	7,132	3,500	933	11,565
1937.....	7,607	4,671	856	13,134
1938.....	5,606	3,977	827	10,410
1939.....	5,577	4,826	763	11,166
1940.....	6,112	7,646	547	14,305
1941.....	7,856	5,696	525	14,077
1942.....	7,618	4,789	478	12,885
1943.....	7,092	4,556	383	12,031
1944.....	5,381	3,003	255	8,639
1945.....	4,490	3,393	311	8,194
1946.....	6,272	3,891	495	10,658
1947.....	6,485	3,283	487	10,255
1948.....	9,410	5,726	921	16,057
1949.....	6,704	6,121	659	13,484
1950.....	6,422	5,357	411	12,190
1951.....	5,266	5,473	292	11,031
1952.....	6,871	4,574	259	11,704
1953.....	8,355	6,439	336	15,130

Source: Trade and Navigation Reports of the United Kingdom.

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